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Automotive News

December 17, 1990

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HOSTILE?

Chrysler board digs in as raider gets 9% stake

Corporate raider and billionaire financier Kirk Kerkorian has sent shivers throughout Chrysler Corp. by acquiring more than 9 percent of Chrysler's outstanding common stock.

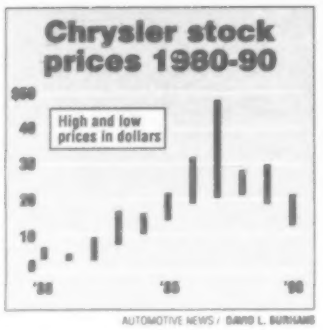
Trading was halted for half an hour Friday on the New York Stock Exchange after Chrysler notified the exchange of Kerkorian's stock purchases and the Chrysler board's response of strengthening Chrysler's "poison pill" defense against an unwanted raider.

When trading in Chrysler stock was halted, it was selling for $11.875 a share, down 37½ cents from Thursday's close. The stock hit $48 a share in 1987.

This story was reported by Automotive News *Staff Reporters Joseph Bohn, Kristine Stiven Breese, Phil Frame, Jim Henry, Kathy Jackson, Arlena Sawyers and Charles M. Thomas, who wrote it.*

In an emergency telephone board meeting Friday, the Chrysler board voted to begin an anti-takeover defense if Kerkorian purchases more than 10 percent of Chrysler's stock.

Until Friday, Chrysler defenses would have kicked in when an unwelcome suitor acquired 20 percent. The "poison pill" defense would dilute the unwelcome investor's holdings.



AUTOMOTIVE NEWS / DAVID L. BURNHAM

Chrysler officials don't know what Kerkorian has in mind, said Steve Harris, Chrysler's director of public relations. In the past, Kerkorian has tried to acquire airlines and movie companies.

Harris said Kerkorian met with Chrysler Chairman Lee Iacocca and Vice Chairman Steve Miller on Dec. 7. Kerkorian told them he supported management and was a passive investor. But when they asked him to sign a "standstill"

see CHRYSLER, page 36

Ford of Europe falters, clouds parent's future

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

BRENTWOOD, England — What's wrong at Ford of Europe? Long noted for aggressive marketing, zippy products and one of the most cost-efficient manufacturing bases in the world, the carmaker — Europe's fourth-biggest — is stumbling badly these days.

Sales are down across the board, while the sales mix has skewed toward the low-margin end. Profit is expected to be off 50 percent this year. Market share is down in Britain, Ford's "home" market, where it has long enjoyed the kind of dominance that Fiat might post in Italy. And its first major product launch in several years was greeted with a collective raspberry by the automotive press.

Perhaps worst of all, Jaguar Ltd., which Ford acquired last January for $2.5 billion, has thus far proven to be about as digestible as a fishbone.

"This is going to be a disappointing year for Ford of Europe for a variety of reasons," Chairman L. Lindsey Halstead, with perhaps unintended understatement, conceded in a recent interview.

To be sure, Ford's setbacks come against the backdrop of rapidly contracting car sales in Europe. Sales are expected to be off 3 to 4 percent this year, a seemingly modest decline that is slanted by continuing strong sales in Germany and by solid first-half sales. The

see FORD, Page 33

Show stopper

Dodge Neon is one of three concept vehicles Chrysler Motors will unveil at the Detroit auto show. Virtually every part on the vehicle consists of, or can be recycled into, reusable components. Story on Page 3.

Toyota is poised for its second million-unit year

By Kristine Stiven Breese
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — When Toyota Motor Sales U.S.A. Inc. sells its millionth vehicle of 1990 around Christmastime, it will rank ahead of any other foreign brand.

But the No. 1 Japanese automaker will be only two-thirds of the way toward its 1995 goal of 1.5 million.

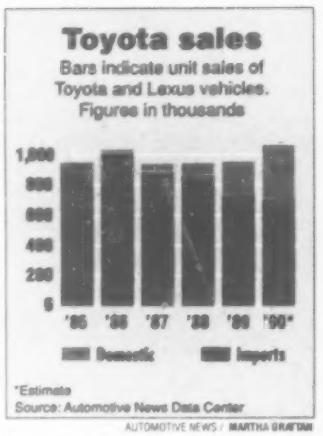
Toyota tells 10-day import sales, Page 4

This will be Toyota's second million-vehicle year in the United States. When it reached that total in 1986, the market was a record 16.0 million cars and light trucks, two million more than this year.

This year, U.S.-produced Toyotas make up one-third of the company's total sales.

Through last Monday, Toyota had sold 985,474 Lexus and Toyota vehicles, including 325,200 Corollas and Camrys built in North America. In 1986, when the company sold 1,025,345 units, just 7,281 were made in North America.

"Our next goal is to sell 1.5 million vehicles and to build half of them here," said George Borst, Toyota vice president for marketing and product planning. The company recently announced plans to build a second Camry plant in Georgetown, Ky.



AUTOMOTIVE NEWS / MARTHA BRAYTAN

Toyota Motor Sales held 7.5 percent of the U.S. car and truck market through November, compared to 6.4 percent in 1986.

Through November, Toyota Motor Sales was in fifth place in U.S. car sales and was fourth in combined car and truck sales. Through November, Chrysler Corp. had sold 1,575,606 cars and trucks in the United States.

GM picks up cellular phone market call with dealer plan

By Phil Frame
AUTOMOTIVE NEWS STAFF REPORTER

General Motors is piecing together a national cellular telephone program that will make it easy for its dealers to snatch $260 profit per unit away from the aftermarket.

By the end of the 1991 model year, GM plans to have agreements with cellular network providers across the country so that all of its vehicle dealers can offer customers telephones and instant access to service, said Mike Williams, manager of audio systems marketing for Delco Electronics Corp.

The program has been tested in Philadelphia and Indianapolis since November, and more than 60 percent of the GM dealers within the cellular service regions for the two areas signed up, Williams said. He would not disclose the actual number of dealers participating.

In the Indianapolis area, dealers were told they would pull a 30 percent profit on the option's $700 price, which includes the phone and installation, said John Guion, sales manager at Bob Meyers Buick in Anderson, Ind.

Guion said the customer is automatically signed up for GTE Mobilnet cellular service. The buyer can keep the service for 30 days and opt for another carrier, or buy a one-year contract with GTE for a lower rate, he added.

In this program, dealers do not get a sales commission from the service provider, as aftermarket installers often do so they can lower the price of the phone, Guion said. He said he has not sold any phones in the two weeks he's participated in the program.

"We think we're extremely competitive and that this program is going to be extremely attractive to the GM dealer body," Williams said. "Our initial experience tells us we're on the right path."

Delco will make an announcement in January that Atlanta, Detroit, Minneapolis and San Diego

see PHONE, page 39

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With VW link, the door to U.S. opens for Skoda

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — The long-time ambition of Skoda, the Czechoslovakian carmaker, to someday dent the U.S. market took a giant step forward last week when it agreed to become an operating unit of Germany's Volkswagen Group.

VW, which bested France's Renault S.A. in a months-long competition for Skoda's hand, said in Prague that it will retain the Skoda nameplate in Western countries and pursue new export markets "outside Europe."

Although Skoda is barred from the U.S. and Canadian markets by environmental and safety standards, it sells about a quarter of its output of just under 200,000 cars a year in Western Europe.

Skodas were sold in the United States from 1957 to 1962, but the numbers were not impressive. About 3,000 were sold during that period. The Skoda factory was not involved; the cars were imported and distributed by independent operators.

Skoda's long-standing ambition, even under the country's previous Communist government, has been to find a Western partner that would provide it with a clean-burning engine for its cars and an American sales network.

Volkswagen officials said in Prague that the company will develop new Skoda models and eventually install a VW engine in the Skoda Favorit. The German carmaker also plans to upgrade Skoda's Mlada Boleslava plant and add capacity to boost Skoda's export potential.

Meanwhile, Skoda said it will move forward with its own plans to introduce its Favorit subcompact in Canada, which is viewed as a test market for the United States. By the time Skoda might be ready to tackle the U.S. market — in about three years — it presumably would do so with VW powertrains, technical assistance and possibly distribution.

Skoda has long been present in Canada, but has yet to offer the two-year-old Favorit there. About 50 Canadian dealers, including some five exclusives, were selling the old rear-engine Skoda model when Canada adopted U.S. emissions standards in the mid-1980s, shutting out further imports.

Some 30 Skoda franchise-holders remain in Canada offering parts and service.

Skoda officials said the new subcompact could be offered there as early as next summer. Seven Favorits already have undergone certification testing in Canada, and five have passed, Skoda said. It expects the remaining two to be certified this month.

Following certification, Skoda will decide in the first quarter of 1991 whether to introduce the car. Skocar, Skoda's Canadian distribution arm, estimates a first-year sales potential of 1,000 to 2,000 units, while Motokov, the Czechoslovakian government agency that handles Skoda's exports, believes sales could eventually reach 5,000 annually.

Under terms of the agreement signed with the Prague government, Volkswagen will buy 25 to 30 percent of Skoda and will increase its holding to 70 percent by 1995.

see SKODA, page 36

Four-door Viper? What a concept

Wearing Chrysler 300 badge, production may hinge on reaction

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Chrysler Corp.'s three 1991 concept vehicles being unveiled in January will include a Viper-based four-door sedan that could become an image vehicle for the Chrysler brand.

Reviving the Chrysler 300 nameplate, the 8-liter V-10 powered sedan will be shown on the auto show circuit in 1991 and, if successful, could become a limited production vehicle.

Thomas Gale, Chrysler vice president of product design, said the "blood and thunder" rear-wheel-drive car is built on a 126-inch wheelbase and carries a four-speed automatic transmission.

In assigning development of the sedan, Chrysler Motors President Robert Lutz mandated that the car have future production possibilities. The Dodge Viper concept vehicle received such enthusiastic press reaction on the 1989 auto show circuit that Chrysler added it to its production lineup.

Chrysler will unveil the sedan and two other concept cars at the North American International Auto Show in Detroit. The other vehicles include the Dodge Neon subcompact, which is powered by a new two-stroke Chrysler engine, and the Jeep Wagoneer 2000, a multi-purpose concept vehicle that could preview the next-generation Grand Wagoneer.

- **Chrysler 300:** The vehicle uses a security and starting system similar to that of a fighter jet. To start the vehicle, the driver inserts an identification card into a slot in the center console and that opens a door to the ignition button. Pushing the switch starts the car.
- **Dodge Neon:** At the other end of the vehicle spectrum is the Dodge Neon, which was designed as a "people's car," Gale said.

The Neon concept car addresses a host of environmental issues. Nearly every component consists of, or can be recycled into, reusable components, Chrysler said. The exterior is made of sheet metal but was designed to reduce scrappage.

Interior panels are coded to identify the type of plastic used.

The most significant aspect is the use of a new two-stroke engine developed by Chrysler that produces over 100 horsepower from a 1.1-liter engine.

- **Jeep Wagoneer 2000:** A V-8-powered, all-wheel-drive, aerodynamically styled multi-purpose vehicle.

The vehicle has an entertainment center that includes a television, video cassette recorder and compact disc player.

The V-10 powered, Viper-based 300 concept car has rear-hinged back doors like the 1961 to 1969 Lincoln Continental.

AUTOMOTIVE NEWS JOE WILKENS

Despite today's competitive, legislative and environmental challenges, Chrysler Motors Chairman Bennett Bidwell says he would still work in the auto industry if he had to choose a career again.

BIDWELL BOWS OUT

Chrysler exec leaves legacy as booster, harsh critic of U.S. auto industry

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Chrysler Motors Chairman Bennett Bidwell has been a wry, sardonic and caustic commentator on the automotive business for 37 years.

He has been alternately the domestic auto industry's most severe critic and its staunchest defender. He has lambasted the press as "congenital sickos" while developing a strong rapport with reporters. He has been labeled a "Japan basher" by raising the specter of a Japanese-dominated America whose citizens stood idly by as their nation lapsed into mediocrity.

He has written some of the industry's most provocative and oft-quoted speeches, and Bidwell is legendary for his ability to seize the moment with a quip.

In short, Ben Bidwell has not been a faceless auto executive during his tenure in the Motor City.

As he retires at year-end from a business he would still enter today, Bidwell said he has no plans to write a book. But he does see the domestic auto industry on the verge of some fundamental changes.

Bidwell, who railed against Detroit's insularity when he ended a 27-year career at Ford Motor Co. to become president of Hertz Corp. in 1981, said he leaves the domestic auto industry as one of its "most ardent defenders."

And he said one of the domestic industry's biggest gambles — General Motors' launch of Saturn Corp. — is becoming a symbol of America's quest for economic and industrial rebirth.

"I thought Saturn was an act of folly," Bidwell said. "I'm not so sure now — even whether they make money or don't make money. What has become more important is what Saturn stands for. The view that there is a chance here for America to prove itself."

Asked to assess GM and Ford,

see BIDWELL, page 16

The changes of 24 years show in Ford company photo of Bidwell taken in 1966 when he was national parts and service marketing manager.

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European, Detroit perspectives represented at World Congress

DETROIT — Two executives from Europe and two from Detroit will address the closing session of next month's Automotive News World Congress. Speakers are:

- M.A. "Raz" Razaq, who is regional director of Eastern Europe export markets for General Motors Europe.
- Mario Maioli, who is vice president of style coordination at Fiat Auto S.p.A.
- Lee R. Miskowski, general manager of Ford Motor Co.'s Parts and Service Division.
- J.C. Perkins, Chevrolet general manager.

The 15th Automotive World Congress, staged in conjunction

see CONGRESS, page 38

Razaq

Maioli

Perkins

Miskowski

Ford sales are hot, Honda's are not in early December

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

Suffering a sales drop in both its Civic and Accord domestic models, American Honda Motor Co. Inc. was the only U.S. carmaker to report a decline in new-car deliveries in the first 10 days of December.

A total of 220,040 cars and trucks were sold in the early December period, up 22.1 percent from a dismal 10-day period in 1989. Each had eight selling days.

If December sales follow last year's pattern, about 13,910,828 vehicles will be sold in the United States this year, a 4.39 percent decline from the 14,549,958 cars and trucks sold last year, based *Automotive News* Data Center figures.

For December's first 10 days, 136,072 new cars were sold, up 27.4 percent over 1989; truck sales climbed 14.3 percent to 83,968.

Last year's comparable period was weak. Tom Webb, chief economist for the National Automobile Dealers Association, warns that the upbeat early December period may be a fluke.

"True demand, absent the artificial prop of fleet deals, remains weak," Webb says. He says he expects a modest rebound within six months.

Honda's sales dipped 31.6 percent for the period; its report includes only U.S.-built cars.

Spokesman Mike Spencer blames the weak sales on a November dealer promotion for Civics. Dealers were promised additional incentive money for selling a set number of Civics before Nov. 30. "That probably stole some sales from early December," he says.

Ohio-produced Civic sales were down by 1,215 units; Accord sales were down 552 units.

Ford Motor Co. led the Big 3 in increases. Ford's car sales were up 30.8 percent and its truck sales soared 32.6 percent for a combined sales hike of 31.7 percent. Every car in its Ford division reported higher sales except the Probe, which dropped 49.04 percent.

Led by the Pontiac division with a 45.7 percent increase, GM got higher sales from every division. GM's car sales rose 28.5 percent; truck sales were up 11.6 percent.

Chrysler Corp. continued to see weakening performance from its important truck lines. Truck sales were down 13.2 percent. Chrysler's car sales rose 25.4 percent, and it reported an overall increase of 4.7 percent for early December.

10-DAY SALES
DOMESTIC BUILT CARS

	Dec. 1-10, 1990	% change '90 vs. '89
Eagle	910	+ 62.2
Chrysler	3,127	+ 17.2
Dodge	8,792	+ 34.1
Plymouth	5,103	+ 13.1
CHRYSLER MTRS.	**17,932**	**+ 25.4**
Ford	27,413	+ 32.7
Lincoln	6,040	+ 43.1
Mercury	6,719	+ 15.5
FORD MOTOR	**40,172**	**+ 30.8**
Buick	8,961	+ 12.7
Cadillac	4,579	+ 22.5
Chevrolet	28,919	+ 31.1
Oldsmobile	8,549	+ 14.1
Pontiac	14,220	+ 45.7
Saturn	299	-
GENERAL MTRS.	**65,527**	**+ 28.5**
HONDA	**3,821**	**- 31.6**
MAZDA	**984**	**+ 185.8**
MITSUBISHI	**875**	**+ 35.0**
NISSAN	**1,648**	**+ 80.5**
SUBARU	**487**	**—**
TOYOTA	**4,628**	**+ 47.4**
U.S. CAR TOTAL	**136,072**	**+ 27.4**
TRUCKS		
Chrysler	91	+ 106.8
Dodge	7,650	- 16.6
Jeep	3,267	- 17.6
Plymouth	3,306	+ 0.3
CHRYSLER MTRS.	**14,314**	**- 13.2**
FORD MOTOR	**33,850**	**+ 32.6**
Chevrolet	26,277	+ 10.2
GMC	6,602	+ 13.5
Oldsmobile	426	+ 77.5
Pontiac	567	+ 26.0
GENERAL MTRS.	**33,872**	**+ 11.6**
ISUZU	**378**	**—**
MAZDA	**292**	**—**
NISSAN	**1,368**	**+ 23.2**
U.S. TRK. TOTAL	**83,968**	**+ 14.3**
U.S. CAR-TRUCK TOTAL	**220,040**	**+ 22.1**

There were 8 selling days in the period this year and 8 last year.

10-day sales bandwagon picks up Toyota's imports

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

Toyota Motor Sales U.S.A. Inc. has broken pattern and has become the first Japanese automaker to report import sales on a 10-day, rather than monthly, basis.

Typically, importers only release 10-day sales of vehicles that are made in the United States. The Big 3 have reported total sales, including imports.

That practice raised the ire of Chrysler Corp. and was one of the reasons Chrysler announced that it would release sales reports only on a monthly basis, beginning Jan. 1.

General Motors and Ford Motor Co. officials last week said they would continue to release 10-day figures and encouraged Japanese makers to do the same.

On Dec. 13, Robert McCurry, executive vice president for Toyota, said his company was ready to step up to the challenge.

"In this increasingly global industry, it makes sense for automakers to adopt key local practices wherever they do business," McCurry said. "For that reason, Toyota has decided to report all sales, locally produced and imported, on a 10-day basis."

American Honda Motor Co. says it will decide whether to release import sales in about two weeks.

But Nissan North America Inc. says it applauds Chrysler Corp. for ending 10-day sales reports. Although Nissan plans to continue to release sales of its vehicles made in the United States on a 10-day basis, company spokesman Don Spetner believes Nissan should cease reporting even sales of its U.S.-built vehicles.

"The transplant sales are not indicative of anything," he said. Nissan only produces Sentras and light trucks in the United States.

"It's not Nissan overall," Spetner said. "When you see Nissan up 48 percent or whatever, it's not indicative of anything."

Chrysler spokesman Tom Jakobowski said Chrysler has no plans to release 10-day sales now that Toyota has joined the bandwagon. He said the primary reason Chrysler decided to end 10-day reports is the time factor.

Study links race, car price

By Liz Pinto
AUTOMOTIVE NEWS STAFF REPORTER

Blacks and women pay more for a new car after negotiating with dealers, according to an American Bar Foundation study of Chicago-area new-car dealerships.

Test results showed that dealership salespersons quote final offers to black men and women that are two to three times the markup quoted to white males, according to Ian Ayres, who conducted the study.

Ayres, assistant professor at Northwestern University School of Law and research fellow at the American Bar Foundation, said the results "suggest" that blacks and women are considered "suckers" by car sales personnel.

"Although blacks and women as groups are poorer than white males, the dealers may be making inferences about differences in their knowledge about the car market and their willingness to bargain," said Ayres in an article prepared for the February issue of the *Harvard Law Review*.

The test studied car selling tactics. Testers acting as buyers displayed middle-class characteristics and were trained to negotiate for the best final offer.

According to Ayres, testers got the worst deals from salespersons of their own race and gender.

Allan Wilbur, National Automobile Dealers Association executive director for public affairs, had not seen the actual study.

"I think we need to know more about the study — and it's just one study in one area," Wilbur said.

"If there is any practice going on like this, clearly it would be indefensible, but to tar the whole industry at this point in time is premature."

Testers made more than 500 trips to Chicago-area dealers. In the test, final offers by dealership sales personnel averaged $362 above dealer cost for a white male, $504 for a white female, $783 for a black male, and $1,237 for a black female.

Crown Victoria unveiled

Ford Division took the wraps off its 1992 Crown Victoria last week. Ford will officially introduce the car at the North American International Auto Show next month in Detroit. The new Crown Victoria is slightly longer and taller than its boxy predecessor and is powered by Ford's new 4.6-liter, modular V-8 engine. Ford hopes to position the new full-sized model as a step up from its popular Taurus. The car goes on sale March 21.

Honda expects 80 percent conquests for new wagon

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

MARYSVILLE, Ohio — American Honda Motor Co. expects 80 percent of the buyers of its new Accord wagon to be conquests — owners of vehicles other than an Accord. The wagons are being shipped to dealers this week.

The 1991 wagon, introduced to the press here last week, is part of a long-term expansion of U.S. output of the nation's best-selling car.

The company will export about 10,000 of the U.S.-made wagons next year — 5,000 of them to European dealers. It will be the first export to Europe from a Japanese assembly plant in the United States.

The wagon also is the first Japanese car body to be chiefly designed and engineered as well as manufactured in the United States. Honda officials expect the car to garner U.S. sales of 30,000 to 35,000 units in its first year.

Thomas Elliott, executive vice president of the carmaker's U.S. sales arm, American Honda Motor Co. Inc., predicted that 80 percent of the wagon's sales will come from individuals who own a vehicle other than an Accord.

The wagons come with a manual transmission and are equipped with a 2.2-liter, 16-valve engine, with 125 horsepower on the LX and 140 on the EX.

Export plans call for dealer bodies in Germany and the United Kingdom to receive about 2,000 wagons each in 1991. Another 1,000 will be divided among dealers in France, Belgium, Holland and Switzerland.

Honda also plans to increase exports of its Ohio-made Accord coupe, sedan and Civic from about 18,000 this year to 30,000 next year. The Ohio cars are exported to Japan, Taiwan, Korea and Israel.

The increased exports will place additional strain on the company's flat-out production schedule at its Ohio factories. The Marysville plant is already operating on overtime to meet projected 1990 U.S. Accord sales of 410,000 to 420,000 units. Elliott expects Accord sales of between 420,000 and 430,000 in the United States next year "even though there will be somewhat of a downward trend in the industry, especially in the first quarter."

In light of the 40,000 to 45,000 new wagon sales next year in the United States and Europe, the projection indicates that Honda foresees a drop in Accord sedan and coupe sales from this year.

About 100,000 Accords have been imported from Japan this year, and that number will be reduced in 1991, Elliott said.

A company source said Honda also will build Accords at its East Liberty, Ohio, factory starting in 1992, when it is scheduled to produce 150,000 Civics annually.

ACCORD VS. TAURUS WAGON

	Accord LX	Taurus GL
Length	186 in.	191.9 in.
Width	67.9	70.8
Wheelbase	107.1	106.0
Max. passenger capacity	5	8
Base engine	4-cyl.	6-cyl.
Base horsepower	125	140
Base sticker price with automatic transmission	$18,050	$14,784

Two versions of the Accord wagon are offered: LX, with a base price of $17,300, and EX, $19,050.

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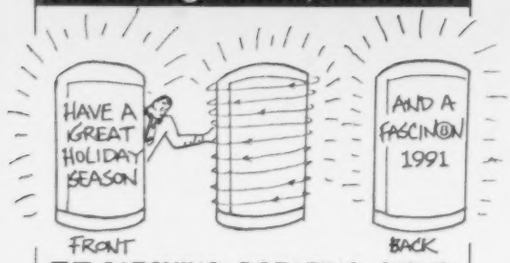

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Sales slump vexes two transplants

Diamond-Star, Flat Rock await new products; others at full tilt

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

NORMAL, Ill. — A tough sporty car market is hampering two Japanese transplant factories when some of their peers are working overtime.

The slump has knocked Diamond-Star Motors Corp. off of its growth schedule.

The 2-year-old plant is operating at 70 percent of capacity instead of the 100-percent level it expected by now, according to Lino J. Piedra, chairman of the 50-50 joint venture between Chrysler Corp. and Mitsubishi Motors Corp.

Through the first week of December, Diamond-Star produced 144,447 cars in calendar year 1990, or about 95,500 fewer than its full 240,000 units of annual capacity.

"We would have liked to be at 100 percent by now, but because of the market, we are at 70 percent," Piedra said."

Most of the production at the Normal, Ill., factory is devoted to the two-door Mitsubishi Eclipse/Plymouth Laser/Eagle Talon models. Piedra said that while the vehicles are performing well in their class, sales in the entire sporty car segment are decreasing.

He predicted the segment will continue to decline next year.

At Mazda Motor Manufacturing (USA) Corp. in Flat Rock, Mich., production is down by nearly 24,000 units so far this calendar year because of diminished sales of the Mazda MX-6 and Ford Probe.

Flat Rock's production of more than 40,000 four-door Mazda 626 units this calendar year prevented an even deeper cut in total factory output. It has been operating at about 75 percent of capacity.

Probe sales through Nov. 30 totaled 99,755, a decline of more than 26,000 units from the same 11-month period last year. MX-6 sales were just under 27,000 for the period, a decline of about 10,000 units. The next generations of the Probe, MX-6 and 626 will debut in the 1992 model year.

By contrast, Nissan Motor Manufacturing Corp. U.S.A. in Smyrna, Tenn., is currently working "full overtime" to produce Sentras and pickup trucks, according to Jerry Benefield, president and chief executive officer. The plant will work two Saturdays this month and has been operating an additional hour per shift for the past month, Benefield said.

The plant built 11,950 cars in November, an increase of 2,596 over November 1989. Truck production so far this calendar year is running almost 17,000 units ahead of the same period last year.

Both shifts at the Toyota Motor Manufacturing U.S.A. Inc. Camry plant in Georgetown, Ky., have been working an additional 30 minutes to an hour of overtime daily most of this year. At New United Motor Manufacturing Inc., a joint venture between Toyota and General Motors in Fremont, Calif., each shift is working an extra half hour daily and some Saturdays.

Honda of America Manufacturing Inc. has operated several Saturday shifts over the past three months in Marysville, Ohio. The company also traditionally works many Saturday shifts through April of each year.

Subaru—Isuzu Automotive Inc., in Lafayette, Ind., is also working Saturdays.

Piedra said that an agreement announced in October between Chrysler and Mitsubishi to develop a third vehicle at Diamond-Star would bring the joint venture up to 100 percent of capacity.

During the next two to three years, Diamond-Star will add a new hatchback to its mix, as well as replace its current two-door and four-door models. It launched the four-door Mitsubishi Mirage/Eagle Summit in July.

The plant is building about 2,500 Mirage/Summit models a month. That level will remain the same through most of 1991.

"With three platforms, we think the chances of running at 100 percent are much greater," Piedra said. "By having that range of models, we are maximizing the probability of fully loading the plant in any climate. When you're primarily targeted to one segment, you're more at the mercy of the market."

Piedra said Diamond-Star will add workers when the third platform is added. The plant now employs 2,900, a number he said was adequate for full capacity, but not enough to launch a third vehicle.

U.S. TRANSPLANT PRODUCTION
Includes cars built for Big 3 partners

Plant	1990 production*	Annual straight-time capacity
Honda of America (Marysville)	379,870	360,000
Honda of America (East Liberty)	53,620**	75,000
Nissan Motor Manufacturing	226,362	240,000
New United Motor Manufacturing	195,649	220,000
Mazda Motor Manufacturing	172,520	240,000
Toyota Motor Manufacturing	208,292	200,000
Diamond-Star Motors	144,447	240,000
Subaru-Isuzu Automotive	65,392**	120,000

*Through Dec. 8
**Hasn't reached full production rate; listed East Liberty capacity is for single shift

Detroit show adds 2 days for suppliers

DETROIT — The North American Auto Show, one of the largest single-room car and light truck displays in the world, has added its first industry trade days.

The program will give automotive suppliers a chance to make major announcements or introduce new products.

Trade days at the Cobo conference and exhibition center on are Jan. 10, from noon to 11 p.m. and Jan. 11, 9 a.m to 2 p.m. The show, sponsored by the Detroit Auto Dealers Association, is open to the public Jan. 12-20.

The industry trade days program will also provide a pre-show opportunity for suppliers to see the auto show when it isn't full of consumers. Attendance at the 1990 show was 658,372.

Although new to the Detroit show, industry preview days are a common practice at some European auto shows.

Tickets for the industry preview sessions can be purchased for $30 at the door or in advance by contacting Julie Hunyadi at the Detroit Auto Dealers Association at (313) 643-0250.

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SERVICE MANAGEMENT

AUTOMOTIVE NEWS JOE WILSSENS

Counterfeit parts confiscated

Hal Helterhoff, left, special agent in charge of FBI operations in Michigan, and William E. Hoglund, General Motors executive vice president, examine some of the $50 million worth of counterfeit auto parts and accessories confiscated as the result of 40 raids of manufacturing plants in 15 states. Stored in an idled GM plant, the parts, considered inferior in quality to genuine parts and a safety risk, will be destroyed to assure they won't get into the marketplace. Security from Ford Motor Co., Chrysler Corp. and GM worked closely with the FBI and U.S. Attorney's office in the undercover operation, code-named Operation Partsman.

Oct. index tops Sept. rise

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

The growth of new-car dealers' service and parts business in October topped the increase achieved in September by 7.7 percentage points, according to the *Automotive News* Service Index.

October's service and parts business amounted to 109.8 percent of the volume recorded in the year-ago month. The September increase in business over the same month of 1989 was 2.1 percent.

October marked the fourth consecutive month to show an increase over the year-earlier service-parts volume, and was the biggest recorded gain since February when shop business topped the year-ago volume by 13.6 percentage points.

October also marked the first month since July that all five indicators in the Service Index were increases.

October's leading indicator was total labor sales (customer-paid and warranty), which showed an increase of 13.0 percent over the year-ago volume, followed by shop parts sales (both customer-paid and warranty), up 11.8 percent.

Figures used in the Service Index are compiled from reports on shop business from a cross-section of the nation's new-car dealerships.

SERVICE INDEX
109.8*

	Oct. '90 vs. Oct. '89	Jan.-Oct. '90 vs. Jan.-Oct. '89
Gross Profit on All Labor and P&A Sales	+ 10.1%	+ 6.5%
Repair Orders Written	+ 4.8%	– 0.1%
Total Labor Sales (Customer & Warranty)	+ 13.0%	+ 8.6%
Shop Parts Sales (Customer & Warranty)	+ 11.8%	+ 7.6%
Sales of All P&A	+ 6.1%	+ 5.8%

* Survey by Automotive News shows that dealers' service and parts business in October 1990 was 109.8 percent of business in October 1989. Service business in the first 10 months of 1990 was 107.1 percent of business in the corresponding period in 1989.

Makers touch up warranties

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

New-vehicle warranty coverage for the 1991 model year is essentially the same as last year, although 16 makers made minor changes.

Cadillac, Ford Motor Co. and Saab Cars USA Inc. have notable enhancements of deductibles.

Cadillac warranties no longer require deductibles for repairs after the one-year/12,000-mile coverage expires. All other GM divisions will continue to charge owners a $100 deductible after the one-year/12,000-mile coverage expires.

Ford Motor announced reductions or eliminations in repair deductibles per visit for its 1991 models, but shortened its powertrain warranty from six years/60,000 miles to four/50,000.

The company reduced the deductible on all 1991 Ford and Mercury cars and light trucks from $100 to $50. Owners pay the fee after the basic one-year/12,000-mile warranty expires.

And to match Cadillac, all 1991 Lincoln Town Cars, Continentals and Mark VIIs carry an expanded bumper-to-bumper, basic warranty of four years/50,000 miles with no deductible.

The elimination of deductibles by Cadillac and Lincoln brings those makers in line with other luxury car producers that have not charged warranty fees for years.

The Big 3 are the only companies, with the exception of Saab and Yugo of America Inc., still charging warranty deductibles.

- Saab more than doubled its new-car warranty to six years/80,000 miles for its 1991 9000 and 900. The new warranty includes bumper-to-bumper coverage for three years/40,000 miles, and major-systems coverage for the duration of the six-year/80,000-mile warranty. Certain engine, transmission, steering, air conditioning and electronic components are subject to a $150 deductible under the major-system coverage provisions.
- Yugo charges owners a $25-per-visit deductible. The basic warranty coverage includes all scheduled maintenance.
- Saturn Corp. is offering an Owner's Protection Package that includes a no deductible, bumper-to-bumper, three-year/36,000-mile basic warranty and 24-hour roadside assistance.
- Chrysler Corp. has increased the powertrain coverage on its captive imports from three years/50,000 miles to five/60,000.

Several importers also announced added warranty protection for 1991 models.

- American Isuzu Motors Inc.'s basic and air conditioning coverage remain at 36 months, but mileage has been extended from 36,000 to 50,000 miles.
- Mitsubishi Motor Sales of America Inc. raised powertrain coverage for its 1991 models, except for Precis, from three years/50,000 miles to five years/60,000 miles. Its basic warranty coverage continues at three years/36,000 miles.
- Nissan Motor Corp. upped powertrain protection from three years/36,000 miles to five years/60,000 miles.
- Subaru of America Inc. increased powertrain coverage from three years/36,000 miles to five years/unlimited mileage. Subaru also changed rust coverage from six years/60,000 miles to five years/unlimited mileage.
- American Suzuki Motor Corp. increased its basic warranty coverage and powertrain coverage from two years/24,000 miles to three years/36,000 miles.

Boosting rust protection were:

- Hyundai Motor America from three years/unlimited mileage to five years/100,000 miles.
- Audi of America Inc. from six years/unlimited mileage to 10 years/unlimited mileage.
- Jaguar Cars Inc. from six years/60,000 miles to six years/unlimited mileage.

Other changes included:

- Range Rover of North America changed its basic coverage from three years/36,000 miles to three years/42,000 miles.
- Volvo North America Corp. increased basic coverage from one year/unlimited mileage to three years/50,000 miles. Volvo also changed powertrain coverage from three years/unlimited mileage to three years/50,000 miles.
- BMW of North America Inc. boosted its basic and powertrain coverage from three years/36,000 miles to four years/50,000 miles.

WARRANTY COVERAGE ON 1991 MODELS

	Basic coverage	Extra drivetrain/ major component	Corrosion coverage	Towing for warranty-covered breakdown	Deductible
Domestic Ford*	1/12,000	4/50,000	6/100,000	Yes	$50§
Mercury*	1/12,000	4/50,000	6/100,000	Yes	$50§
Lincoln	4/50,000	4/50,000	6/100,000	Yes	No
Buick	3/50,000	3/50,000	6/100,000	Yes	$100•
Chevrolet*	3/50,000	3/50,000	6/100,000	Yes	$100•
Oldsmobile	3/50,000	3/50,000	6/100,000	Yes	$100•
Pontiac*	3/50,000	3/50,000	6/100,000	Yes	$100•
Cadillac	4/50,000	4/50,000	6/100,000	Yes	No
Cadillac Allante	1/12,000	7/100,000	7/100,000	Yes	No
Saturn	3/36,000	3/36,000	6/100,000	Yes	No
Chrysler	1/12,000	7/70,000	7/100,000	Yes	$100‡
Chrysler New Yorker Fifth Avenue/ Imperial/Maserati	5/50,000	7/70,000	7/100,000	Yes	$100‡
Chrysler captive imports	3/36,000	5/60,000	5/unlimited	Yes	No
Summit	3/36,000	7/70,000	7/100,000	Yes	$100‡
Japan Acura	3/36,000	3/36,000	3/unlimited	Yes	No
Daihatsu	3/36,000	3/36,000	3/unlimited	Yes	No
Honda	3/36,000	3/36,000	5/unlimited	Yes	No
Infiniti	4/60,000	4/60,000	7/unlimited	Yes	No
Isuzu	3/50,000	5/60,000	6/100,000	Yes	No
Lexus	4/50,000	6/70,000	6/unlimited	Yes	No
Mazda	3/50,000	3/50,000	5/unlimited	Yes	No
Mitsubishi	3/36,000	5/60,000	7/100,000	Yes	No
Mitsubishi Precis	3/36,000	3/36,000	3/36,000	Yes	No
Mitsubishi Montero/ Mighty Max	3/36,000	5/60,000	5/unlimited	Yes	No
Nissan	3/36,000	5/60,000	5/unlimited	Yes	No
Subaru	3/36,000	5/60,000	5/unlimited	Yes	No
Suzuki	3/36,000	3/36,000	3/unlimited	Yes	No
Toyota	3/36,000	5/60,000	5/unlimited	Yes	No
Korea Hyundai	3/36,000	3/36,000	5/100,000	Yes	No
France Peugeot	3/36,000	5/50,000	3/36,000	Yes	No
Germany Audi†	3/50,000	3/50,000	10/unlimited	Yes	No
BMW	4/50,000	4/50,000	6/unlimited	Yes	No
Mercedes-Benz	4/50,000	4/50,000	4/50,000	Yes	No
Porsche	2/unlimited	2/unlimited	10/unlimited	Yes	No
Volkswagen	2/24,000	5/50,000	6/unlimited	Yes	No
Great Britain					
Aston Martin	2/24,000	No	No	No	No
Jaguar	3/36,000	3/36,000	6/unlimited	Yes	No
Lotus	2/unlimited	2/unlimited	8/unlimited	No	No
Range Rover	3/42,000	3/36,000	6/unlimited	Yes	No
Rolls-Royce	3/unlimited	3/unlimited	3/unlimited	Yes	No
Sterling	3/36,000	3/36,000	6/unlimited	Yes	No
Italy Alfa Romeo†	3/36,000	3/36,000	6/60,000	Yes	No
Ferrari	2/unlimited	No	No	No	No
Maserati	2/24,000	2/24,000	2/24,000	Yes	No
Sweden, Saab	3/40,000	6/80,000	6/unlimited	Yes	$150**
Volvo	3/50,000	3/50,000	8/unlimited	Yes	No
Yugoslavia Yugo†	1/12,000	4/40,000	3/unlimited	Yes	$25

*Includes captive imports
†Basic coverage includes scheduled maintenance
§For warranty repairs on drivetrain after 1/12,000 coverage expires
•For any warranty repairs after 1/12,000 coverage expires
‡For repairs under extended powertrain warranty
**For warranty repairs after 3/40,000 coverage expires

SERVICE BRIEFS

ABS training available

McHENRY, Ill. — An aftermarket training program on anti-lock brake systems is being offered by Raybestos/Brake Parts Inc.

Bob Kaulig, marketing vice president for Raybestos, said a four-part series explains the basis of ABS and teaches the technician, step-by-step, how to repair and diagnose Bosch, Teves and Kelsey-Hayes systems.

Raybestos also offers a three-hour class to give technicians hands-on experience with anti-lock brake systems.

SPX signs with Opel

MUSKEGON, Mich. — SPX Corp. has signed an agreement with Adam Opel AG of Russelsheim, Germany, that makes SPX the administrator of the Opel Dealer Equipment Program under the Euroline name.

SPX will sell approved service equipment to Opel dealers in Europe, including east Germany.

Parts association moves

BETHESDA, Md. — The Automotive Parts and Accessories Association has moved its international office from Lanham, Md., to Bethesda. The new address is 4600 East-West Highway, Bethesda, Md. 20814. The group's new phone number is (301) 654-6664.

The move improves access to government, according to Lawrence C. Hecker, senior vice president of finance and administration.

CANADIAN CAR AND TRUCK SALES

North American Car Sales

	Nov. 1990	Nov. 1989	11 mos., 1990	11 mos., 1989
GM	20,376	26,112	283,740	320,289
Ford	8,649	12,253	138,245	176,548
Chrysler	5,398	8,858	92,587	113,661
Honda	1,680	1,853	31,669	23,889
Toyota	1,277	731	12,127	11,100
Hyundai	474	802	6,250	8,399
Volvo	196	293	3,102	3,475
North American car total	**38,050**	**50,902**	**618,622**	**657,361**

Imported Car Sales

Honda	5,441	4,975	63,274	55,769
Toyota	4,093	5,163	59,974	62,034
Volkswagen	3,042	2,291	33,088	27,678
Nissan	2,348	1,773	23,243	26,762
Mazda	1,635	1,762	28,140	24,801
Hyundai	1,136	1,683	14,690	25,476
Chrysler	1,128	1,433	14,257	19,937
Ford	804	584	6,554	7,967
Subaru	651	372	7,150	5,857
GM	527	291	6,096	4,988
Suzuki	455	691	7,093	6,928
Mercedes-Benz	325	300	3,833	3,786
Volvo	313	293	2,359	3,024
BMW	312	385	3,742	4,081
Jaguar	49	141	967	1,481
Lada	40	67	583	624
Peugeot	11	14	109	217
Imported car total	**22,310**	**22,218**	**275,152**	**281,410**
TOTAL - ALL CARS	**60,360**	**73,120**	**893,774**	**938,771**

*Mazda declined to furnish a breakoutof North American built and imported car sales

**GM imported total includes Passport and Saab sales

North American Truck Sales

GM	9,229	14,161	138,373	157,326
Ford	7,520	10,715	112,988	130,843
Chrysler	5,689	7,741	79,495	95,703
North American truck total	**22,438**	**32,617**	**330,856**	**383,872**

Imported Truck Sales (including vans)

Mazda	1,378	1,565	17,840	16,720
Toyota	1,308	1,490	16,172	15,507
Nissan	1,046	955	13,368	12,538
GM	506	716	2,794	2,903
Suzuki	488	880	6,805	7,357
Chrysler	75	168	1,468	2,219
Lada	48	18	236	219
Volkswagen	35	20	842	740
Land Rover	9	0	55	0
Imported truck total	**4,893**	**5,812**	**59,580**	**58,203**
TOTAL - ALL TRUCKS	**27,331**	**38,429**	**390,436**	**442,075**
TOTAL - CARS, TRUCKS	**87,691**	**111,549**	**1,284,210**	**1,380,846**

Canadian sales dip in Nov.

Canadian total vehicle sales declined in November for the fourth month in a row. Total car and truck sales were 21.39 percent below Novevmber 1989, pulling the year-to-date decline to 7.0 percent.

Car sales fell 17.45 percent below November 1989, and truck sales were off 28.88 percent.

Each of the Big 3 reported steep drops in sales of North American-built cars and trucks. They blamed a weak economy, rising unemployment, higher fuel prices, and the prospect for a new tax.

Vehicle prices should drop an average 3.5 percent after Jan. 1, when a new goods and services tax is expected to take effect.

— **Anne E. Wright and Alex Law**

LEGAL BRIEFS

Alabama judge reprimands GM

Court upholds jury award, says maker put profits before lives

By Helen Kahn
SENIOR CORRESPONDENT

Saying that General Motors put profits before lives, an Alabama Circuit Court judge has denied GM's moves to overturn a $15 million jury award against the automaker.

The judge also warned that unless GM changes its conduct, other injuries and deaths may occur.

At issue is a "programmable read-only memory" chip (PROM) that allegedly caused a three-day-old 1988 Chevrolet Silverado 2500 to stall unexpectedly in a busy intersection. On Aug. 12, 1987, the vehicle was hit by a Mack logging truck, killing a 7-year-old boy and injuring his grandfather, the driver of the vehicle.

The boy's mother, Helen Lewis Johnston, and the grandfather, S. Ford Lewis, claimed the truck stalled unexpectedly because of the computer chip, which had been the subject of several dealer service bulletins.

GM said the chip had been improved for the 1988 model year. It also said the former problems concerned driveability, not stalling.

In his ruling, Alabama Circuit Judge Claud D. Neilson noted that GM knew of problems with the computer chip before marketing the vehicles. GM then "covered up" the hazards by issuing a "silent recall" — telling dealers to install a new PROM if the customer complained, the judge wrote.

"Simply put, General Motors made a business judgment to risk damage to property and persons from the defect in the vehicle rather than to expend the substantial sum necessary to recall and replace the defective PROMs," he wrote.

"This is not a case where death occurred as a result of mere inadvertence nor even where wanton conduct occurred on a single occasion. Here General Motors placed hundreds of thousands of its customers' lives at risk in order to save money and increase its profits.

> "Simply put, General Motors made a business judgment to risk damage to property and persons from the defect in the vehicle rather than to expend the substantial sum necessary to recall and replace the defective PROMs."
>
> **Judge Claud D. Neilson**

In this court's opinion, its wrongdoing was both intentional and totally intolerable."

The court noted that GM sold about 600,000 of the vehicles and that replacement PROMS cost about $70 per vehicle. As a result, GM saved about $42 million by not having a recall or notifying owners.

So even after paying the verdict, said the court, GM "will still save approximately $27 million by not recalling this defective PROM."

GM had moved for a new trial on several grounds: It questioned the jury selection; it said the evidence was insufficient for a jury; it cited what it called the improper conduct of plaintiffs' attorney Jere Beasley, who during the trial broke the fan shroud that GM says was part of the evidence; and it said the Alabama Wrongful Death Statute, under which the $15 million was awarded, is unconstitutional.

Neilson denied each motion. Noting that " 'defective' means unreasonably dangerous," he added that there is "little doubt that a new vehicle with less than 300 miles that stalls in the middle of a busy intersection does not meet the reasonable expectations of an ordinary consumer." He added that similar vehicles with the same engine and computer system had similar problems and that mechanics and GM's corporate office "would recommend replacing the PROM whenever a stall in this type of vehicle occurred."

GM has until mid-January to decide whether it will appeal to Alabama's Supreme Court.

Wife, not makers, cause of sudden acceleration

A New Jersey jury has cleared Volkswagen of America Inc. and Audi AG of blame in the crash of a 1985 Audi 5000S station wagon.

Anthony Verna sued both companies and his wife, Sueanne Verna, who was driving the wagon. The car struck Anthony Verna and pushed him through a restaurant window. He sued his wife so he could get restitution for his medical bills.

The jury found that Sueanne Verna's negligence caused the accident and awarded $150,000 to the husband.

During the trial, William Rosenbluth, plaintiff's expert, said there was a manufacturing defect because the gas pedal and brake pedal were too close together. As a result, Sueanne Verna was confused and pressed the accelerator instead of the brake.

Audi testified that the car was manufactured under a rigid quality control program. Dennis Guenther, Audi's accident reconstruction expert, said the narrowing of the gap between pedals could have been caused by the crash itself.

An Audi engineer, Herbert Weinert, agreed. To refute Rosenbluth's contention that the narrower gap between pedals caused driver confusion, Audi called John Tomerlin, qualified by the Bergen county court as an expert in unintended acceleration, who said there was no correlation between the size of the gap and driver error.

— **Helen Kahn**

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PERSONNEL

AWDA — Robert H. Raff, president of Parts Warehouse Inc. in Little Rock, Ark., has been named chairman of the Automotive Warehouse Distributors Association.

Other officers are **Arthur E. Lottes III,** president of A.E. Lottes Co. in St. Louis, and **Timothy A. Lee,** president of Certified Automotive Warehouse Inc. in Chicago, vice chairmen; and **Beryle M. Blanchard** of Motor Supply Warehouse Co. in Belle Plaine, Iowa, secretary.

Martin Fromm, president emeritus of the association, has been named AWDA's "Automotive Man of the Year" for 1990. The association recognized him as "the man who pioneered the growth of automotive warehouse distribution." Fromm has been a leader in the association since 1946 and currently is vice chairman of the board of trustees of the AWDA University Foundation.

C&C COMPETITION — Doug Fehan has been promoted from group manager to vice president of C&C Competition, a unit of C&C Inc. in Brighton, Mich.

CHEVROLET — J.C. Perkins, general manager of Chevrolet, has been named chairman of the special gift campaign for the Boys and Girls Clubs of Southeastern Michigan.

The campaign calls on corporate leaders to solicit their peers, employees, companies and foundations on behalf of the clubs. This year's goal is $400,000. Last year's campaign raised $323,000.

CINCINNATI MILACRON — Harold J. Faig has been appointed vice president of injection molding machinery. He was vice president of the Plastics Machinery Division.

GM OF CANADA — William E. Tate has been appointed vice president and general director of personnel for General Motors of Canada Ltd. in Oshawa, Ontario. He succeeds **Frederick R. Curd Jr.** who, in November, was named group director of personnel for GM's Buick-Oldsmobile-Cadillac Group.

Before moving to Canada, Tate was director of industrial relations for the Chevrolet-Pontiac-Canada Group.

GM — ENGINE DIVISION — Maryellen Smith has been appointed controller for the 3300/3800 product team. She replaces **Bud Murphy,** who has retired.

Smith was with Oldsmobile as a car-line planner on the large and luxury product team.

MERCEDES-BENZ — Five managers have been appointed in the new Western business region of Mercedes-Benz of North America Inc. The region comprises California, Oregon, Washington, Nevada, Alaska and Hawaii.

Mark Derengowski is regional sales manager. He was business management manager in San Francisco.

Robert Deck is regional parts and service manager. He has been with the company since 1973.

Raymond McCoy is marketing manager. He was Houston zone manager.

Karl Goertzen is manager of the vehicle preparation centers in Carson and South San Francisco, Calif. **Carl Partyka** continues as manager of the vehicle preparation center in Carson, reporting to Goertzen. Goertzen was manager of the South San Francisco center.

ZAPIECKI & PARTNERS — Anthony Thiros has been named a senior account executive, responsible for automotive aftermarket accounts for the Toledo, Ohio, advertising and public relations agency. He was advertising and merchandising manager for Champion Spark Plug Co.

ZEON CHEMICALS — Rob Dalton has been appointed vice president and general manager of global marketing. He was product manager of polyether elastomers.

Everett Scheer Jr. has been named vice president of sales. He was director of marketing and specialty elastomers.

Marie Berner has been appointed manager of logistics. Berner was manager of domestic and international customer service and logistics.

The company produces specialty synthetic rubber used in automotive hoses, belts, gaskets and adhesives.

INCENTIVE WATCH
CUSTOMER INCENTIVES

	Rebates	Expiration Date
Chrysler Corp. (1989-90)		
Chrysler	$500-2,000	12/16
Town & Country	$1,000	12/16
Dodge cars	$1,000-2,500	12/16
Dodge trucks	$750-2,500	12/16
Eagle	$1,000-2,500	12/16
Jeep	$1,000-3,000	12/16
Plymouth	$1,000-1,300	12/16
Voyager	$1,000	12/16
Finance rate, in lieu of rebate, starts at 7.9 percent		
Chrysler Corp. (1991)		
Chrysler	$500-750	12/16
Dodge cars	$400-1,000	12/16
Dodge trucks	$500-750	12/16
Eagle	$400-500	12/16
Jeep	$500-3,000	12/16
Plymouth	$400-500	12/16
Minivans	$500 for owners of 1984-89 minivans	12/31
Ford Motor Co. (1990)		
Ford Festiva	$700	2/28
Ranger	$1,500	2/28
All Lincoln	$1,500	1/31
Ford Motor Co. (1991)		
Ford Escort, Festiva	$500	2/28
Ranger	$1,000	2/28
Mercury Tracer	$500	2/28
Grand Marquis	$1,000	2/28
Finance rate, in lieu of rebate, starts at 7.9 percent for 48 months or less		
General Motors (1990)		
Buick Reatta*	$3,000	12/31
Other Buick*	$250-1,000	12/31
Cadillac	$1,200	1/7
Chevrolet Geo	$300-1,000	1/7
Other cars	$500-1,000	1/7
Geo Tracker	$1,000	1/7
Other trucks	$500-1,000	1/7
Oldsmobile	$1,500-2,500	1/7
Pontiac Bonneville, Grand Prix, Grand Am	$750-1,250	1/7
*Based on option package selected. All makes except Cadillac offer cut-rate financing in lieu of rebates		
General Motors (1991)		
Buick Reatta*	$3,000	1/7
Other Buick*	$250-1,000	1/7
Cadillac Brougham	$1,500	1/7
Chevrolet Geo	$300-500	1/7
Other cars	$500-1,000	1/7
Geo Tracker	$500-1,000	1/7
Other trucks	$500-1,000	1/7
Oldsmobile	$500-1,500	1/7
Pontiac Firebird**	$500-1,000	1/7
Other Pontiac	$500-750	1/7
*Based on option package selected. All makes except Cadillac offer cut-rate financing in lieu of rebates. **Firebird rebate is $1,000 in California only		
Hyundai		
Excel (1990-91)	$500-1,500	1/3
Sonata (1990-91)	$1,500-2,000	1/3
Scoupe (1991)	$500	1/3
Jaguar (1990-91)	$5,000 for owners of '88 Jaguars	12/31
Mazda (1990)		
Cars	$750-1,500	1/3
Trucks	$1,000-1,250 plus free trim package	1/3
MPV	$886-1,246 discount on option packages	1/3
Subaru		
Justy (1990-91)	$500	1/3
Loyale (1991)	$300-1,050	1/3

INCENTIVE WATCH
DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1989-91)		
Cars & trucks	$250-1,000, quota	12/31
Ford Motor Co. (1990)		
Ford Probe GT	$1,500	12/31
Thunderbird	$1,400	12/31
Taurus SHO	$3,000	12/31
Other Taurus	$1,300	12/31
Other cars	$1,000	12/31
Ford Bronco	$2,000	12/31
Other trucks	$1,100-1,300	12/31
On Jan. 1, 1991, rebates will be reduced by $200 on all above models except Probe GT, Taurus SHO, Crown Victoria and Bronco. The reduced rebates will continue until Feb. 28, 1991		
Mercury Topaz	$1,000	12/31
Sable	$1,300	12/31
Cougar	$1,400	12/31
Grand Marquis	$1,500	12/31
All Lincoln	$2,000	1/31
Topaz, Sable and Cougar rebates will be reduced by $200 for Jan. 1, 1991, to Feb. 28, 1991		
Ford Motor Co. (1991)		
Ford Taurus SHO	$1,000	2/28
Crown Victoria	$750	2/28
Other cars	$100-$700, based on sales	2/28
Ford trucks	$100-$700, based on sales	2/28
Mercury Topaz, Cougar, Sable	$100-$700, based on sales	2/28
Audi (1990)		
100 Series	$3,000	12/31
Isuzu (1990)		
Impulse	$1,500	12/31
Trooper	$1,700	12/31
Pickup	$1,700	12/31
Mitsubishi (1990-91)		
Mirage	$500-1,000	12/31
Other cars	$350-2,000, quota	12/31
Trucks	$350-2,000*	12/31
*Some truck rebates are based on quotas. Mitsubishi rebates vary by region		
Nissan (1990)		
Sentra	$500-1,500	12/31
Stanza	$800-1,500, based on sales	12/31
Maxima	$200-700, based on sales	12/31
240SX	$1,000-2,000, based on sales	12/31
Trucks	$1,200	12/31
Nissan (1991)		
Trucks	$400-800, based on sales	1/4
Peugeot (1989)		
405	$2,500-3,500	None
Subaru		
Justy (1990-91)	$500	1/3
XT (1989-91)	$2,000	1/3
Loyale (1990)	$800-1,500, quota	1/3
Legacy (1990)	$1,500-2,000, quota	1/3
Legacy (1991)	$900-1,400, quota	1/3
Suzuki (1990)		
Swift	$400-700	2/4
Sidekick	$1,000-1,500	2/4
Suzuki (1991)		
Swift	$400-500	2/4
Sidekick	$500	2/4
Toyota (1989-91)		
Corolla, Camry	$200-1,100 quota	1/3
Trucks	$200-1,200 quota	1/3
Volkswagen (1990)		
Golf	$500	12/31
Fox	$500	None
Corrado	$1,500	None

Ford revamps rebate program

Cash goes directly to dealers on most 1990-91 cars, trucks

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. has switched from consumer cash payments to direct rebates to dealers on most of its 1990 and 1991 cars and trucks.

The program, which runs through Feb. 28, does away with all consumer rebates except for customer cash paybacks ranging from $500 to $2,000 on 1990 and 1991 Ford Festiva and Ranger; 1991 Ford Escort, Mercury Tracer and Grand Marquis; and 1990 Lincoln models.

Under the new rebate program for Ford Division dealers, sales of all 1991 Probe, Mustang, Tempo, Taurus, Thunderbird, Bronco, Econoline Van (except E30 RV cutaway, E33 RV stripped chassis and Econoline with conversion package), Club Wagon, Aerostar and F-series pickup models pay the dealer nothing for the first two units, $100 each for the third and fourth, $200 for the fifth and sixth, $400 for the seventh through ninth and $700 for the 10th unit and above.

Ford extended through Dec. 31 the existing dealer rebate program on 1990 models and selected 1991 vehicles; the program was to end Dec. 12. Dealerships will continue to be paid a flat per-unit incentive on each eligible model.

Rebates on 1990 models are $1,000 on Mustang, Probe (except GT), Tempo and Crown Victoria; $1,300 on Taurus; $1,500 on Probe GT; $1,400 on Thunderbird; $3,000 on Taurus SHO; $1,100 on F-series pickups; $1,300 on Econoline, Club Wagon and Aerostar; and $2,000 on Bronco. Dealer payments on 1991 models are $1,000 on Taurus SHO and Crown Victoria.

Effective Jan. 1 through Feb. 28, dealer rebates will be reduced $200 on the 1990 Mustang, Probe (except GT), Tempo, Taurus, Thunderbird, Econoline, Club Wagon, Aerostar and F-series pickup trucks.

Consumer rebates on 1991 models are $500 on Escort and Festiva and $1,000 on Ranger pickups. Payments on 1990 models are $700 on Festiva and $1,500 on Ranger.

In lieu of rebates, dealers may offer consumers finance rates of 7.9 percent on contracts up to 48 months.

Because a one-time cash payment of $750 was made to dealers for all 1990 Escorts in inventory as of Dec. 12, the company said those vehicles will be excluded from all future incentives.

Lincoln-Mercury Division's dealer rebate program for 1991 Topaz, Sable and Cougar models also is based on the number sold. Dealers will receive $100 per eligible unit for the fourth sale, $230 for the fifth and sixth, $500 for the seventh through ninth and $750 for the 10th and above.

L-M's program covering 1990 models also has been extended through Dec. 31. Rebates to dealers are $1,000 on Topaz, $1,300 on Sable, $1,400 on Cougar and $1,500 on Grand Marquis. For Jan. 1 to Feb. 28, the rebates will be reduced $200 on all models except Grand Marquis.

L-M extended the dealer and consumer cash payments on all 1990 Lincoln models. The dealer per-unit cash rebate for the Town Car, Continental and Mark VII has been increased to $2,000 from $1,500, while consumers will continue to receive a $1,500 rebate under programs that run through Jan. 31.

Until Dec. 31, L-M will honor the $4,000 rebate certificates that Cadillac sent to owners of 1985-87 Cadillacs. The certificates can be used on purchases of 1990 and 1991 Lincolns, and they are in lieu of other Lincoln rebates.

Customer rebates on 1991 Tracer and Grand Marquis models are $500 and $1,000 until Feb. 28. A finance rate of 7.9 percent on loans up to 48 months is an alternative.

CONGRESS

FROM PAGE 3

with the North American International Auto Show, will be held Sunday, Jan. 13, through Wednesday morning, Jan. 16, at the Westin Hotel in Detroit.

Attendees will hear from more than 30 leaders of the automotive industry.

Razaq joined General Motors in 1967 and progressed through sales management positions in Germany, Greece and Saudi Arabia.

In 1980, he moved to GM Espana as director of sales and marketing, and in 1984 moved to Germany.

He remained there until 1987, when he was appointed chairman and managing director of General Motors Egypt in Cairo. He was named to his current job last June.

Maioli has been in the design field throughout his business career and has held such titles as architect, product engineer and automotive designer.

In 1977, Maioli joined the Fiat style coordination team that designed the Lancia and Autobianchi marques. Maioli's team received car of the year awards in 1979 for the Lancia Delta and in 1983 for the Fiat Uno.

In 1986, the team won an architects' award for the design of the Y-10 Tipo.

Miskowski joined Ford in 1975 as a financial analyst trainee at Lincoln-Mercury Division.

He held several positions with Lincoln-Mercury's finance and marketing staffs and with Ford Parts and Service before he was appointed vice president of the parts organization for Ford of Europe in 1977.

In 1980, he was named executive director of marketing for the Car and Truck Group. Three years later, Miskowski was appointed development manager for Ford's Parts and Service Division.

Miskowski became the division's general sales and marketing manager in 1988 and was appointed general manager in 1989.

Perkins joined Chevrolet in 1960, working in sales and marketing at Chevrolet zone and central offices.

He served as a zone manager and regional manager at Chevrolet and, in 1977, was appointed director of marketing policy and dealer relations for GM.

He returned to Chevrolet in 1979 as manager of the Atlantic Coast region and was appointed truck sales manager in 1980 and assistant general sales manager for field operations in 1981.

Perkins moved to Buick as general sales manager in 1982. In 1984, he joined Toyota Motor Sales U.S.A. Inc., and in 1989 he returned to Chevrolet in his current position.

For further information on the World Congress, write Wendy Barhydt, World Congress, UMTRI/OSAT, 2901 Baxter Road, Ann Arbor, MI 48108-2150 or telephone 313-936-1049.

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- ☐ $75 for Tuesday Evening Gala only, per person. Tables for 10 available. (Gala included in full registration.)
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Attn: Wendy Barhydt, Conference Manager

Digital phones eliminate static

Present-day cellular car phones are analog — transmitting conversations with continuous electrical signals that differ in wave length and amplitude.

With digital phones, the electrical signal is broken into segments, or bits, and converted to computer code before transmission. On the receiving end, the noncontinuous digital signal is decoded so the caller's voice can be heard. It's the same principle for compact disc technology.

Digital phones would eliminate static because the signal is reproduced in the receiver exactly as sent by the transmitter. That's why CDs offer clearer sound than records or tapes.

Because digital signals can be compressed, the technology also can be used to vastly increase the capacity of cellular phone switching stations — eliminating accessibility problems. That's why CDs are smaller than records.

And, because digital switching is more precise, digital phones also eliminate signal losses that sometimes occur when a car moves from one cell to another.

— Phil Frame

PHONE

FROM PAGE 1

will be the next four cities to get the program, according to GM Vice Chairman Robert Schultz.

Initially, GM dealers will sell base-level or deluxe-version Delco-brand phones made by Motorola Inc.

Hughes Network Systems Inc., a unit of Hughes Aircraft Co., will supply the next two generations of phones. Hughes Aircraft and Delco Electronics are owned by GM Hughes Electronics Corp., which is a subsidiary of General Motors.

Hughes also is piecing together the nationwide network of cellular service providers that will cooperate in the GM program. In this regard, GM trails Big 3 rivals Ford and Chrysler.

Ford, which recently reintroduced the cellular phone option on Lincoln Town Car, Continental and Mark VII, already has agreements nationwide with service providers, said Donald Russell, audio systems and communications business planning manager for Ford Electronics Division. Ford dropped a cellular phone option in 1984 on the Lincoln Mark IV because so few areas had service coverage.

Chrysler also has nationwide agreements with cellular service providers so it can sell the Visor-phone, which it introduced at the 1990 North American International Auto Show in Detroit.

GM currently offers cellular phones as factory options with only two cars: Oldsmobile Trofeo and Cadillac Allante. The Trofeo is the only GM car to be wired on the assembly line for a cellular phone.

The new Delco-Hughes program will give all GM dealers the opportunity to get into the cellular phone business with a minimum of headaches, Williams said.

Delco will provide training on selling and installing phones, and on signing customers for cellular service, Williams said.

This should be additional business for most GM dealers because of the roughly 1.5 million cellular phones sold each year, only about 2 percent are sold by new-car dealers, said Pradeep Kaul, executive vice president of Hughes Network Systems.

"I think cellular phone sales should (evolve) the same way as the AM-FM radio," Kaul said. "We think eventually people will come to accept that a phone is just a part of the car — the cellular link will be the umbilical cord for the automobile."

While GM is jumping into the nationwide phone business later than its two cross-town rivals, it is banking on the technical expertise of Hughes to establish a beachhead in the next generation of phones using digital communications.

Before digital phones can be used, cellular switching stations need to be converted with digital equipment. That change has been anticipated and will begin later this year in New York, Chicago and Los Angeles, but it will take several years before all of the country is converted, Kaul said.

Hughes plans to introduce its second-generation phone, a hybrid that can be used on digital or analog circuits, later in 1991. Neither Kaul nor Williams would say when a third-generation, all-digital phone would be available.

PRODUCTION

U.S. CAR

	Week Ended Dec. 15, 1990	Week Ended Dec. 8, 1990	Dec. Est.	Jan. 1 to Dec. 15, 1990	Jan. 1 to Dec. 16, 1989
Horizon	0	0	0	4,327	31,608
Sundance	2,300	2,351	4,651	87,666	98,851
Acclaim	2,900	2,754	5,654	117,225	124,489
Total Plymouth	**5,200**	**5,105**	**10,305**	**209,218**	**254,948**
LeBaron A	0	0	0	8,071	0
LeBaron J	1,500	0	1,500	50,458	93,635
LeBaron GTS	0	0	0	0	2,946
N. Yorker C-Class	300	290	590	34,452	73,907
Fifth Avenue	1,000	848	1,848	36,631	26,145
Imperial	400	353	753	18,938	5,153
Total Chrysler	**3,200**	**1,491**	**4,091**	**148,550**	**201,786**
Omni	0	0	0	4,078	33,545
Daytona	700	0	700	32,522	72,431
Shadow	2,400	2,439	4,839	95,511	101,289
Dynasty	3,000	2,447	5,447	119,151	130,387
Lancer	0	0	0	0	1,528
Spirit	2,400	2,736	5,136	103,201	107,849
Total Dodge	**8,500**	**7,622**	**16,122**	**354,463**	**447,829**
CHRYSLER MOTORS	**16,900**	**14,218**	**31,118**	**712,231**	**983,763**
Escort	5,735	0	5,735	239,916	332,848
Mustang	3,594	0	3,594	127,985	180,385
Tempo	3,468	2,728	6,196	125,178	143,880
Taurus	6,053	3,787	9,840	323,803	353,532
Thunderbird	1,226	1,312	2,538	106,246	133,677
Total Ford Div.	**20,076**	**7,827**	**27,903**	**923,128**	**1,144,322**
Topaz	932	1,367	2,299	46,752	65,244
Cougar	1,549	1,359	2,908	71,719	112,709
Sable	2,331	1,460	3,791	100,030	115,001
Total Mercury	**4,812**	**4,186**	**8,998**	**218,501**	**292,954**
Continental	1,178	1,196	2,374	57,451	63,411
Mark VII	210	191	401	17,816	20,963
Town Car	2,772	2,773	5,545	143,022	124,223
Total Lincoln	**4,160**	**4,160**	**8,320**	**218,299**	**208,617**
Total L-M Div.	**8,972**	**8,346**	**17,318**	**436,790**	**501,571**
FORD MOTOR CO.	**29,048**	**16,173**	**45,221**	**1,359,918**	**1,645,893**
Skyhawk	0	0	0	0	6,913
Skylark/Somerset	2,500	2,430	4,930	91,783	66,460
Century	0	1,567	1,567	63,771	121,014
Riviera	296	286	582	21,028	22,097
Electra/Park Ave.	2,826	2,819	5,645	62,626	78,236
LeSabre (fwd)	4,108	1,817	5,925	154,421	152,752
LeSabre (rwd)	0	0	0	4,022	7,879
Reatta	121	97	218	5,587	6,428
Total Buick	**9,851**	**9,016**	**18,867**	**403,238**	**461,779**
Eldorado	695	661	1,356	21,363	26,738
Seville	1,055	981	2,036	34,287	23,463
Brougham (rwd)	0	0	0	29,637	53,664
DeVille (fwd)	3,680	3,143	6,823	159,692	178,459
Allante	64	47	111	3,434	3,112
Total Cadillac	**5,494**	**4,832**	**10,326**	**248,413**	**287,436**
Cavalier	9,529	9,134	18,663	352,548	349,391
Camaro	2,073	1,898	3,971	70,711	98,916
Celebrity	0	0	0	0	70,720
Corsica/Beretta	2,160	6,126	8,286	269,055	359,522
Caprice	1,538	1,659	3,197	193,527	180,245
Corvette	0	413	413	22,094	24,650
Total Chevrolet	**15,300**	**19,230**	**34,530**	**907,935**	**1,083,444**
Calais	1,820	1,785	3,605	98,167	86,013
Cutlass Ciera	0	1,967	1,967	65,340	85,378
Cutlass Supreme	2,223	2,220	4,443	93,879	111,595
Toronado	202	192	394	14,569	9,849
88 (fwd)	1,866	1,582	3,448	99,122	138,540
88 (rwd)	0	0	0	1,223	7,533
98	1,520	1,013	2,533	41,406	70,099
Total Oldsmobile	**7,631**	**8,759**	**16,390**	**413,706**	**509,007**
Sunbird	4,043	4,070	8,113	163,526	148,068
Grand Am	4,800	0	4,800	204,813	221,824
Firebird	795	790	1,585	40,541	55,660
Grand Prix	3,185	3,112	6,297	112,945	121,151
Pontiac 6000	0	1,467	1,467	51,522	77,345
Bonneville	1,535	1,522	3,057	72,184	99,437
Safari/Parisienne	0	0	0	0	2,691
Total Pontiac	**14,358**	**10,961**	**25,319**	**645,531**	**716,196**
Total Saturn	**540**	**540**	**1,080**	**2,782**	**0**
GENERAL MOTORS	**53,174**	**53,338**	**106,512**	**2,827,134**	**3,037,862**
DIAMOND-STAR	**3,239**	**3,393**	**6,632**	**147,839**	**90,883**
HONDA	**9,038**	**8,919**	**17,949**	**424,757**	**366,329**
Civic	1,500	1,487	2,987	99,178	127,644
Accord	7,530	7,432	14,962	325,579	227,685
MAZDA†	**4,495**	**4,733**	**9,228**	**177,252**	**208,796**
NISSAN	**2,888**	**3,427**	**6,317**	**95,074**	**113,565**
NUMMI	**4,200**	**5,272**	**9,472**	**209,121**	**188,991**
Corolla	2,100	2,648	4,748	100,663	78,318
Geo Prizm/Nova	2,100	2,624	4,724	99,458	110,673
SUBARU-ISUZU	**1,250**	**1,473**	**2,723**	**33,389**	**5,777**
TOYOTA	**4,540**	**4,568**	**9,108**	**212,880**	**146,948**
TOTAL CARS, U.S.	**128,766**	**115,514**	**244,280**	**5,990,575**	**6,980,585**
TOTAL CARS, CANADA	**16,753**	**26,657**	**43,410**	**1,066,675**	**969,979**
U.S., CANADA CARS	**145,519**	**142,171**	**287,690**	**7,051,250**	**7,679,564**
U.S., CANADA CARS AND TRUCKS	**226,917**	**223,044**	**449,961**	**11,052,615**	**12,015,850**

CANADIAN CAR

	Week Ended Dec. 15, 1990	Week Ended Dec. 8, 1990	Dec. Est.	Jan. 1 to Dec. 15, 1990	Jan. 1 to Dec. 16, 1989
Monaco	400	340	740	11,059	549
Premier	875	782	1,657	13,580	31,506
CHRYSLER MOTORS	**1,275**	**1,122**	**2,397**	**24,649**	**32,055**
Tempo	0	2,884	2,884	106,998	127,959
Topaz	0	1,210	1,210	39,340	57,043
Crown Victoria	2,253	2,487	4,740	118,542	115,272
Grand Marquis	2,395	2,416	4,811	112,140	126,285
FORD MOTOR CO.	**4,648**	**8,997**	**13,645**	**377,020**	**426,559**
Celebrity	0	0	0	20,319	26,042
Cutlass Ciera	0	1,781	1,781	75,556	119,489
Lumina	1,125	5,043	6,168	217,137	187,560
Regal	2,675	2,865	5,740	101,310	73,107
GENERAL MOTORS	**4,000**	**9,689**	**13,689**	**414,322**	**406,198**
CAMI*	**2,400**	**2,390**	**4,790**	**40,782**	**0**
HONDA	**2,150**	**2,150**	**4,300**	**101,001**	**84,286**
HYUNDAI*	**800**	**780**	**1,580**	**25,992**	**14,180**
TOYOTA	**1,300**	**1,330**	**2,630**	**58,740**	**18,903**
VOLVO	**180**	**180**	**360**	**8,000**	**7,918**
TOTAL CARS, CANADA	**16,753**	**26,657**	**43,410**	**1,066,675**	**969,979**

U.S. TRUCK

Caravan	2,000	2,694	4,694	89,734	104,775
Dakota	1,900	2,000	3,900	72,225	92,209
Caravan C/V	0	2	2	4,173	6,297
Ram pickups	1,900	1,935	3,835	100,236	89,037
Total Dodge	**5,800**	**6,631**	**12,431**	**266,368**	**292,318**
Cherokee	0	3,804	3,804	147,191	202,806
Comanche	0	334	334	9,230	25,060
Grand Wagoneer	0	0	0	6,119	9,597
Wagoneer	0	110	110	3,785	7,495
Total Jeep	**0**	**4,248**	**4,248**	**166,325**	**244,958**
Voyager	1,100	1,917	3,017	90,073	97,996
Town & Country	50	80	130	2,418	3,218
Total C-P Div.	**1,150**	**1,997**	**3,147**	**92,491**	**101,214**
CHRYSLER MOTORS	**6,950**	**12,876**	**19,826**	**515,184**	**638,490**
Aerostar	3,975	0	3,975	198,042	213,745
Bronco	967	0	967	45,895	68,930
Bronco II/Explorer	6,710	5,369	12,079	205,384	115,899
Navajo	419	370	789	8,148	0
Econoline	1,897	2,090	3,987	166,364	203,432
Mediums/Heavies	1,041	0	1,041	47,599	55,802
Light trucks	9,090	3,115	12,205	426,697	507,395
Ranger	8,409	2,562	10,971	278,619	300,564
Total Ford Div.	**32,508**	**13,506**	**46,014**	**1,375,748**	**1,463,767**
FORD MOTOR CO.	**32,508**	**13,506**	**46,014**	**1,375,748**	**1,463,767**
Astro	0	2,889	2,889	125,162	156,533
Blazer	0	355	355	14,986	25,386
Lumina APV	0	1,219	1,219	77,448	19,676
Mediums/Heavies	394	234	628	10,341	6,882
P-Model	325	175	500	20,634	28,741
Pickups	71	6,827	6,898	381,202	388,386
S-10	6,437	6,821	13,258	241,177	234,783
S-10 Blazer	2,036	2,263	4,299	83,876	148,234
Sportsvan/Van	654	385	1,039	54,388	92,564
Suburban	0	1,073	1,073	60,509	69,038
Total Chevrolet	**9,917**	**22,241**	**32,158**	**1,069,744**	**1,181,337**
Jimmy	0	107	107	4,578	8,075
Mediums/Heavies	524	482	1,006	10,670	13,682
P-Model	115	70	185	2,786	3,852
Pickups	33	3,104	3,137	134,386	120,475
S-15/Sonoma	1,589	1,228	2,817	53,239	57,093
S-15 Jimmy	633	439	1,072	26,656	49,163
Safari	0	889	889	43,562	43,984
Suburban	0	1,260	1,260	29,751	31,216
Vandura/Rally Vans	218	91	309	19,809	29,036
Total GMC	**3,112**	**7,670**	**10,782**	**325,437**	**356,576**
Silhouette	0	330	330	28,594	3,885
Bravada	400	350	750	1,427	0
Total Oldsmobile	**400**	**680**	**1,080**	**30,021**	**3,885**
Pontiac Trans Sport	0	673	673	42,249	7,162
GENERAL MOTORS	**13,429**	**31,284**	**44,993**	**1,467,304**	**1,543,837**
NAVISTAR	**1,680**	**1,596**	**3,276**	**70,358**	**75,601**
NISSAN	**2,770**	**3,225**	**5,995**	**136,942**	**120,370**
SUBARU-ISUZU	**1,783**	**1,287**	**2,990**	**35,186**	**5,775**
AM GENERAL	**450**	**450**	**900**	**21,600**	**22,140**
MISCELLANEOUS	**3,000**	**3,000**	**6,000**	**144,000**	**141,600**
TOTAL TRUCKS, U.S.	**62,486**	**67,294**	**129,694**	**3,767,050**	**4,011,548**

CANADIAN TRUCK

Caravan	3,306	3,341	6,647	123,466	144,877
Caravan C/V	186	208	394	7,178	9,620
Ram Wagon	475	0	475	20,373	25,606
Ram Van	1,445	0	1,445	54,392	68,963
Total Dodge	**5,412**	**3,549**	**8,961**	**205,409**	**249,066**
Voyager	2,652	2,573	5,225	98,771	121,499
Total Plymouth	**2,652**	**2,573**	**5,225**	**98,771**	**121,499**
Wrangler	1,500	1,462	2,962	56,471	69,533
Total Jeep	**1,500**	**1,462**	**2,962**	**56,471**	**69,533**
CHRYSLER MOTORS	**9,564**	**7,584**	**17,148**	**360,651**	**440,098**
FORD MTR. (B. Wks.)	**2,954**	**0**	**2,954**	**129,361**	**157,612**
Light trucks	3,275	3,025	6,300	164,174	160,210
Vans	695	666	1,361	45,380	60,582
Total Chevrolet	**3,970**	**3,691**	**7,661**	**209,554**	**220,792**
Light trucks	975	966	1,941	60,552	69,715
Vans	280	246	526	17,715	25,553
Total GMC	**1,255**	**1,212**	**2,467**	**78,267**	**95,268**
GENERAL MOTORS	**5,225**	**4,903**	**10,128**	**287,821**	**316,060**
CAMI*	**1,000**	**1,010**	**2,010**	**40,141**	**0**
NAVISTAR	**165**	**172**	**337**	**6,341**	**10,562**
TOTAL TRKS., CANADA	**18,906**	**13,669**	**32,577**	**834,315**	**924,530**
U.S., CANADA TRKS.	**81,390**	**80,873**	**162,271**	**4,601,365**	**4,936,080**

Monthly estimates may contain error of one or two units due to rounding.
†Total includes MX-6, 626, and Ford Probe.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz.

28 plants close early for holidays

By Anne E. Wright
AUTOMOTIVE NEWS CHIEF STATISTICIAN

Christmas vacation begins one week early for 28 Big 3 assembly plants. General Motors closes 13 car and seven truck facilities today; Ford closes five truck plants and one car-truck facility; and Chrysler closes two truck plants.

All the closings are the result of slow sales.

Estimated U.S. auto production last week was 128,766. It was 11.47 percent over the prior week and 9.58 percent below the year-ago week.

Last week, U.S. truckmakers' estimated output was 62,490, down 7.01 percent from the prior week and down 24.19 percent from the same week in 1989.

The 13 GM car assembly plants scheduled to shut down today are:

Flint, Mich.; Lansing, Mich. (B); Lansing, Mich. (Reatta Craft Centre); Linden, N.J.; Wentzville, Mo.; Wilmington, Del.; Arlington, Texas; Bowling Green, Ky.; Doraville, Ga.; Kansas City, Kansas; Lakewood, Ga.; Oklahoma City; and Van Nuys, Calif.

GM's truck plants affected are: Tarrytown, N.Y.; Baltimore; Detroit; Fort Wayne, Ind; Moraine, Ohio; Pontiac, Mich. (East); and Shreveport, La.

Ford is scheduled to idle the following truck plants: Edison, N.J.; Wayne, Mich.; Norfolk, Va.; St. Louis; and St. Paul, Minn.

In addition, both the car and truck lines at the Kansas City, Mo., facility are scheduled to be down.

Ford reduced both the car and truck lines at the Lorain, Ohio, facility to a single shift.

Ford's Chicago assembly plant is scheduled to resume production today. It was down two weeks because of a supplier strike.

Chrysler's Sterling Heights, Mich., and Warren, Mich., truck facilities are scheduled to be down this week.

Canada cars take a tumble

With Ford Motor Co.'s Tempo and Topaz lines down, Canadian auto production was estimated at 16,753 units last week, 37.15 percent below the prior week and 35.92 percent below the same week in 1989.

Truckmakers estimated last week's output at 18,908 units, 38.33 percent above the previous week.

The return to production of Ford light trucks and the Dodge Ram Van and Ram Wagon accounted for the increase.

NOTE

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Automotive News

December 24, 1990

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Mazda bets the farm on expansion with low-profit cars

After years of being Japan's tag-along, bring-up-the-rear carmaker to big shot rivals Toyota, Nissan and Honda, No. 4 Mazda Motor Corp. is making what some consider to be a risky break for the big time.

Analysts say the company, which has embarked on an ambitious new-model program, may be tilting its product mix too much toward the low end to generate the profits needed to pay for its expansion.

Long known for a limited product line centered on the popular but aging 323/Protege-series subcompact, Mazda in the past two years has rolled out a stunning array of new vehicles that seem little mindful of the company's traditional place in the order of things.

The new lineup, which includes the smash-hit MX-5 Miata; the MPV recreational vehicle/minivan; and the micro-mini Carol and Scrum, 600-cc vehicles based on Suzuki mechanicals, has been backed by an upgrade of the mainstay 323, giving it more power and more plush.

Then, too, there are the all-new Navajo sport-utility built by equity partner Ford Motor Co., which owns 24.5 percent of Mazda, and the equally new, rotary-powered Cosmo, a luxury sports car confined so far to the Japanese market.

And in the wings for 1991-92, officials say without tipping their hands, are four to six more products — including a probable U.S.-bound premium car to compete in the Lexus/Infiniti segment.

To provide the new product range, Mazda is building a high-tech plant near Hiroshima that will be capable of turning out nine different models simultaneously. The facility, with a planned capacity of 160,000 cars a year, is scheduled to open early in 1992. The compa[illegible] also is overhauling its main, 30-year-o[illegible]lant in Hiroshima.

And with the goal of increasing its home market share to 10 percent from 7.8 percent currently — a move that would pressure Honda for the No. 3 spot — Mazda is setting up two new sales networks, or channels, in Japan. In addition, it is known to be considering a separate distribution network for

see MAZDA, page 29

Maserati unveils mid-engined Chubasco

Maserati S.p.A. unveiled the Chubasco, its first mid-engined model since the Bora and Merak in the late 1970s, at the company's annual meeting in Modena on Dec. 14. The car, styled by Marcello Gandini and built in only four months, is powered by a twin-turbo, 3.2-liter V-8 turning out 430 horsepower at 6,500 rpm. Analysts speculate the car was trotted out in hopes that it would generate enough demand to force Fiat Group, which owns 49 percent of Maserati, to lift its ban against Maserati producing mid-engined models.

GM components group slashes ads, quarterly spending

By Phil Frame
AUTOMOTIVE NEWS STAFF REPORTER

The nine divisions of General Motors' Automotive Components Group were ordered to cancel or postpone all advertising, promotion, training and other expenses in 1991's first quarter and make sharp cuts in other discretionary costs.

GM Executive Vice President William Hoglund, who is in charge of the $30-billion-a-year components group, has ordered the divisions to:

- Eliminate all "consumer influence" expenses, including planned promotional activities and advertising.
- Reduce expenses for participation in the annual SAE International Conference & Exposition in Detroit Feb. 25 to March 1. The SAE show has been group's biggest showcase for the world's other automakers and suppliers, with whom the group derives about 15 percent of its revenue.
- Eliminate overtime except when needed to meet production schedules.
- Travel only when a letter, fax or phone call won't do, and eliminate off-site meetings.
- Postpone or eliminate employee training programs.

William Hoglund says the earnings forecast for Automotive Components Group is unacceptable.

All other expenses also must be reviewed, and any spending that cannot be eliminated should be postponed at least until April, according to a memo to the division general managers by John P. Vacketta, the group director of finance.

GM's marketing divisions have given no evidence that they are contemplating similar cuts.

The memo was the result of a Nov. 26 conference call during which Hoglund told Vacketta that the group's earnings forecast was unacceptable. Vacketta took the call from Hoglund because

see CUTS, page 26

Oldsmobile: Hot cars are new stars

Former Pontiac chief adds dash of 'excitement' to goose sales

By Jack Keebler
AUTOMOTIVE NEWS STAFF REPORTER

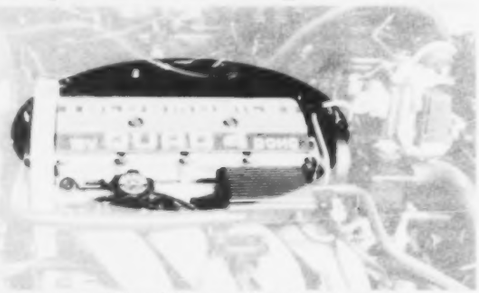
PHOENIX — Oldsmobile General Manager J. Michael Losh is ready to take what he learned about the marketing value of performance cars when he was Pontiac general manager and use it to sell Oldsmobiles.

Oldsmobile, which has suffered in sales as its image has grown increasingly nebulous, is preparing to emphasize powerful engines — something the division was noted for in the 1960s and early 1970s.

"We know that one of the foundations you build on is powertrain performance," said Michael A. Grimaldi, Oldsmobile's general marketing manager. "But these cars will not be like those of the 1960s. Their execution will be understated and upscale like a Lexus or an Infiniti."

In the spring, Oldsmobile will build 200 Cutlass Calais Quad 442 coupes with a 190-horsepower version of the Quad 4 — the most powerful version of that multivalve engine — and market them as just one of several performance models to come that will add sparkle to the division's image.

Base price on the hot 1991 Calais model will be $14,500 without air conditioning and $15,200 with air conditioning.



For performance emphasis, Oldsmobile name adorns Quad 4 cam cover.

"We're not out to replace Pontiac," said Oldsmobile spokesman Gus Buenz. "But 'responsive' is one of the Oldsmobile traits. So when better powertrains are available, we'll have them. As far as discussing those future vehicles, we'd really be getting into 1992 product plans, which we won't do."

One analyst says the direction makes sense.

"Given General Motors' original market image assignments, this doesn't make sense," says Jesse Snyder, director of product analysis for AutoPacific Group Inc. of Santa Ana, Calif. "But in light of where Olds is headed now it does make sense."

Snyder said that following the reorganization of the GM divisions in 1984, additional image fine-tuning was done in the fall of 1986. That fine-tuning had Buick abandon its attack on the "Euro-road" cars and return to its more conservative, traditional position relative to the other divisions. The direction for Oldsmobile that came out of the North American marketing strategy was to become the more "expressive" of the two premium-car divisions.

The result has been a painfully slow progression toward greater expressiveness. Divisional sales

see OLDS, page 26

Ford plans 6.5 percent hike in car, truck output by '99

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. expects its car and truck production for the North American market to increase 6.5 percent from 1991 to 1999, growing from 4.6 million units in 1991 to 4.9 million in the 1999 model year.

Ford projects car and truck output for North America will decline from 1991 to 1992. It will rise the next three years, top the 1991 total in 1996 and continue to increase through the end of the century, according to a Ford Engine Division product plan approved Aug. 15 and obtained by *Automotive News*.

The product plan is based on plant model years, which typically run from July to July. The plan includes all car and truck production designated for the U.S. and Canadian markets and for export. Cars made in other countries and sold in the United States and Canada are included.

Ford will not comment on future product plants. Ford spokesman

see FORD, page 27

[illegible]me for the holidays:

[illegible]t's where the staff of Automotive News will be this week and [illegible]d. Offices are closed today, Dec. 25, Dec. 31 and [illegible]1. We wish you a joyous holiday and a happy new year.

Seasons Greetings

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Pill could poison stockholders

Chrysler Corp.'s "poison pill" defense against investor Kirk Kerkorian could be a bitter pill to swallow for shareholders as well as any hostile investor.

The poison pill would go into effect if any investor accumulates 10 percent of its stock and Chrysler's board of directors perceives that investor to have hostile intentions — that is, if the investor isn't supported by management and the board.

The Chrysler board lowered the trigger from 20 percent to 10 percent on Dec. 14. The plan would allow existing shareholders, other than the hostile investor, to buy Chrysler stock at half price.

The intent is to reduce the hostile investor's share. But at least four shareholders' lawsuits have been filed against Chrysler since Chrysler's board strengthened its poison pill defense.

Auto analyst Maryann Keller of Furman Selz Inc. believes Chrysler might find it difficult to set this takeover defense in motion.

"If a hostile investor owning 10 percent of a company makes a tender offer to shareholders of $18 a share when the current value of a share was $14, and if Chrysler activated this poison pill defense, it might have a tough time because some people would want to sell to make a profit," she said.

Steve Harris, director of public relations for Chrysler, says this poison pill procedure has been upheld by courts in Delaware, where Chrysler is incorporated.

"The poison pill is aimed at encouraging an individual to go directly to the board of directors to let them know what their intentions might be," Harris said.

— Liz Pinto

THE ASSOCIATED PRESS

Kirk Kerkorian might not be the only one hurt by a poison pill.

Chrysler customers calm

Car trade-ins count; not stock trader

By Liz Pinto
AUTOMOTIVE NEWS STAFF REPORTER

Potential car buyers are showing no concern about who is in the driver seat at Chrysler Corp., dealers report.

But dealers are worried about sales if the stock buying by financier Kirk Kerkorian should turn hostile.

"People will be concerned if an actual takeover of Chrysler does start," says Mike Shepard, owner of Santa Ana Chrysler-Plymouth in California. "And if consumers are uncertain, their strategy is not to do anything. And in this case, the strategy will be to not buy Chrysler products.

"If he (Kerkorian) takes over on the basis that the parts are worth more than the whole, which is probably true, and if he started immediately dismantling the company, selling off Jeep and the financial operations, it could have a significant impact on me as a dealer."

Dealers say that although Kerkorian's recent purchases of 9.8 percent of Chrysler's stock may be big news to the business and automotive sectors, the normal buyer isn't flustered.

"The average person isn't in tune to Wall Street," says Bill Devreline, general manager of Precision Chrysler-Plymouth-Dodge in Winter Haven, Fla. "They're more interested in car warranties and how much they'll get on a trade-in than on what goes on internally at a car company."

Edwin Zumwalt, a partner of Zumwalt-Magrini Chrysler-Plymouth in Santa Rosa, Calif., says he doesn't believe consumers "care one way or the other if (Lee) Iacocca or Kerkorian owns the company."

Some dealers are sitting back and watching the show.

"It's something I have no control over, so I'm not concerned," says Herb Yardley, owner of Massey-Yardley Chrysler-Plymouth in Plantation, Fla.

Larry Roesch, owner of Elmhurst Chrysler-Plymouth in Illinois is holding off judgment until a definite outcome becomes clear.

"If anyone wants to buy the company and run it profitably, I won't worry — it would be a good deal for dealers and customers," Roesch says.

But based on what they know today, dealers generally view Kerkorian as just a shrewd investor, not a hostile raider out to pillage Chrysler.

"Chrysler has been underestimated in the marketplace and in the stock market for a long time," says Dick Huvaere, owner of Dick Huvaere Richmond Chrysler-Plymouth-Dodge in Richmond, Mich. "I think Kerkorian has made an investment to take advantage of the situation when everyone else wakes up."

But some dealers, although saying they are not worried, believe there is a buyer for Chrysler lurking in the background and feel Kerkorian will make a killing when the buyout finally comes.

Allen Cubbage, owner of Allen Cubbage Chrysler-Plymouth-Dodge in Stanley, Va., says: "I think he already has a deal to sell the stock because he knows who the buyer of Chrysler will be. I think he knows that after the first quarter next year the automobile industry is going to come out of doom and gloom and it will be a win for him."

Says Devreline: "I think it's inevitable Chrysler will have a partner sometime, somewhere, with somebody. It takes lots of money to run a company these days, and individual companies can't do it on their own."

Environmental groups to seek boost in CAFE

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Sixteen environmental groups last week vowed to renew efforts to raise federal fuel economy standards.

The groups vowed to make energy conservation and fuel economy their primary lobbying focus in the next session of Congress, which begins in January.

They urged the Bush administration to push for a higher corporate average fuel economy standard in the new national energy policy that is scheduled to be announced in January. They also declared support for CAFE bills likely to be introduced next month in Congress.

Hours after the environmentalists' press conference, Transportation Secretary Samuel K. Skinner announced that the National Academy of Sciences will study the extent to which fuel economy can be improved "while still meeting environmental and safety needs." The first phase of the study will be completed by June 30.

Michael McCloskey, chairman of the Sierra Club, called for a CAFE of 45 mpg by 2000. The current standard is 27.5 mpg for cars and 20.2 mpg for light trucks.

Sen. Tim Wirth, D-Colo., an avid environmentalist whose Jeep is fueled with compressed natural gas, said Sen. Richard Bryan will reintroduce the CAFE bill that was defeated last fall.

Bryan, a Nevada Democrat, wants CAFE standards to increase 20 percent by 1995 and another 20 percent by 2001.

McCloskey accused the Bush administration of joining the auto industry to defeat what he called Bryan's "moderate legislation to increase auto fuel efficiency."

"It seems the whole process has been designed to ensure safe profit margins for Exxon and General Motors, not a safe energy future for the American people," McCloskey said.

Skinner's study will estimate practical increases in fuel economy during the next decade and assess technologies automakers can use.

Skinner said the study will consider the new mandates imposed by the Clean Air Act, which affects cars beginning with the 1994 model year.

Jerry R. Curry, administrator of the National Highway Traffic Safety Administration, said the study also will examine safety implications, such as whether further downsizing would increase automotive fatalities.

Separately, Public Citizen, a Ralph Nader organization, wrote President Bush on behalf of 100 national and community-based citizen groups. Public Citizen did not directly advocate a higher CAFE but called for a general improvement in energy efficiency, covering automobiles as well as appliances, electric motors and other energy users.

CAFE since 1974
Chart tracks sales-weighted corporate average fuel economy for domestic and imported car fleets. Figures in miles per gallon.
Imports
Domestics
30
25
20
15
10
5
'74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84 '85 '86 '87 '88 '89
Imports
22.2 23.2 25.4 27.7 27.3 26.1 29.6 31.5 31.1 32.2 31.8 31.5 31.7 31.1 31.2 30.6
Domestic
13.2 14.8 16.6 17.2 18.7 19.3 22.6 24.2 25.0 24.6 25.6 26.3 26.6 27.0 27.3 27.1
Source: U.S. Department of Transportation

AUTOMOTIVE NEWS / DAVID L. BURHANS

2 more importers tell 10-day sales

By Anne E. Wright and William R. Diem
AUTOMOTIVE NEWS STAFF

Volkswagen of America Inc. and Subaru of America Inc. have joined Toyota Motor Sales U.S.A. Inc. in releasing 10-day sales reports of imported cars, but the benefits of more accurate industry figures will be fleeting if Chrysler Corp. holds to its decision to withdraw from reporting all 10-day sales figures beginning in January.

VWoA reported selling 280 Audis, 1,128 VW cars and 37 VW trucks during the first 10 days of December. Subaru reported selling 1,225 cars.

Earlier, Toyota and the Big 3 reported their imported and domestic sales for Dec. 1-10, and *Automotive News* has estimated sales of other importers. All told, 90 percent of U.S. sales were reported on a 10-day basis.

10-day import sales, Page 6

But December's first 10-day sales period may be the most thoroughly analyzed one for quite a while. The Christmas holidays delay reporting on Dec. 11-20 sales until Jan. 3, and they are made moot a day later by year-end sales reports. And Chrysler threatens to stop reporting its 12.2 percent share of the U.S. market next month.

Chrysler's Nov. 30 attack on 10-day reporting apparently prompted the importers.

Outgoing Chrysler Motors Chairman Bennett Bidwell said the 10-day reports give the public an unfair view because they ignore the effect of imports on a company's sales record.

"The 10-day report is a sensitive economic indicator," said analyst David Healy of Barclays de Zoete Wedd, after Chrysler's announcement. "But I think Chrysler has a legitimate gripe."

On Dec. 13, Toyota released its import figures without fanfare. Last week, when *Automotive News* asked, VWoA and Subaru released theirs.

Nissan and Honda, the No. 2 and No. 3 Japanese importers, have so far refused to share 10-day figures. Like most importers, they do announce sales monthly.

'Clean' gas no cure-all

Pollution team studies alternate fuels next

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Reformulated gasoline may not be the answer to meeting the strict pollution requirements of the new Clean Air Act.

So say the preliminary results of an auto-oil study of the potentially cleaner gasolines.

The $16 million project will continue for another three years at an additional cost of $25 million. In the next phase, the Big 3 and 14 oil companies will also look at alternative fuels — ethanol, methanol and compressed natural gas.

The industries studied the effects of 29 reformulated fuel variations on 53 cars and light trucks.

The results, though promising, are inconsistent, said Joseph Colucci, head of GM's fuels and lubricants department. He noted that "we never said" reformulated fuels were going to be a cure-all.

The study's most promising results came from adding oxygenates

see GASOLINE, page 27

Correction

Anti-lock brakes are standard on 1991 Corvettes and driver-side air bags are standard on Volkswagen Cabriolets. A Dec. 3 list said they were "not available."

AUTOMOTIVE NEWS JOE WILSDENS

About 400 firms pitched their wares and services to delegates at the NADA convention last February. So far, 412 exhibitors have signed up for the 1991 gathering in Atlanta.

Early registrations for NADA convention down 20% from '89

By Charles Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Pre-registration for February's National Automobile Dealers Association 74th Annual Convention & Exposition at the Georgia World Congress Center in Atlanta is off 20 percent from this point last year.

NADA officials say this is the first time since 1982 that the convention has been held in Atlanta. They say the location and the slowdown in the economy could be reasons why pre-registration is slow.

Registrants include dealers, managers, spouses and people from related industries.

But because the convention is on the East Coast, there could be a larger than usual number of walk-ins, according to an NADA spokesman who asked not to be named.

After years of growth, the trade show at the convention also may have reached the saturation point.

So far, 412 exhibitors have signed up to display their wares and services, and NADA has sold more than 200,000 square feet of space. Although the space is a few thousand feet shy of the association's expectations, the number of exhibitors is up from 1990's 400.

In past years, NADA has sold out its exhibition space, creating a waiting list of exhibitors.

"That's not as significant as it might have been. This is only the second year that we've sold more than 200,000 square feet of space," the spokesman said. "We are pleased with what we are doing. It's still a big show. Maybe 220,000 square feet of space is the saturation point."

Some firms that purchased huge amounts of space in past years have gone out of business, and others have decided not to rent space this year because of economic conditions.

Most notable of the missing are some large extended service contract companies that have folded or are in liquidation. Some van converters folded in the past year, too.

There was also a consolidation in the computer industry in 1990. Those kinds of companies buy big blocks of space, and it is hard to find exhibitors to replace them.

Two car importers, Volkswagen of America and Toyota Motor Sales U.S.A. Inc., also decided not to rent space, though they will sponsor parties and events for dealers at the convention.

"This is not unusual," the spokesman said. "We plan for the car companies, and sometimes they are in and sometimes they aren't, depending on what they have to show dealers."

Still, there will be more companies displaying products at the convention than last year.

More than 80 percent of the dealers attending the exhibition either plan to buy products or do purchase them at the trade show, according to NADA surveys.

Chrysler, feds lock horns over car siezed in drug raid

By Colleen McDonald
SPECIAL CORRESPONDENT

DETROIT — Chrysler Corp. and the federal government, which both measure their annual budgets in billions of dollars, are locked in a court battle over $11,994.98.

Chrysler Credit Corp., which rejected the Department of Justice's proposal to return to the company a 1989 Eagle Premier that had been seized in a 1989 drug arrest, filed suit against the government in U.S. District Court in Detroit.

Chrysler seeks reimbursement for what it says is the actual cost of the car — $18,994.98, plus interest.

The controversy revolves around the Premier bought by Pam Butler of Detroit, who financed it through Chrysler Credit. She had possession of the car for about a week.

Last May, the Department of Justice informed Chrysler Credit that the Drug Enforcement Administration would return the car after Chrysler Credit paid $500 in storage fees. Chrysler Credit rejected the offer, saying it wanted the agency to pay it $18,994.98.

A strange twist occurred on Oct. 26 when the U.S. Marshall's office in Detroit sold the car through Midwest Autopart Auction for about $7,000. That money was given to Chrysler.

Now, Chrysler Credit wants the remainder of the actual cost of the car. "Chrysler Credit is seeking recovery of the money lost because of the principle of keeping an item that didn't belong to them, and the storage charges that were wrongly charged to us," said Michael Shields, Chrysler Credit's attorney.

Assistant U.S. Attorney David J. Portelli was unavailable for comment.

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MERCEDES: *Sales chief calls U.S. luxury cars primary victims of Japanese entries*

By Peter Brown
EDITOR

DETROIT — Japanese luxury cars have succeeded — but not at the expense of Mercedes-Benz of North America Inc., says Mercedes' new sales chief.

In fact, says Michael J. Jackson, the former Maryland Mercedes dealer who became senior vice president for marketing and sales at Mercedes' North American marketing unit in July, Lexus and Infiniti cars are closer to American luxury cars than to German.

But Jackson acknowledged that long life cycles — such as the 11-year cycle for the current Mercedes S class, which will be replaced next year — "are unacceptable today." He reiterated Mercedes-Benz AG's plan to introduce a new car every year.

As competition intensifies in the 1990s, Mercedes will offer more products and shorter product cycles. Kenneth Moriarty, Mercedes' manager for marketing planning, said cycles would be cut to six to eight years.

But Jackson said those expanded product offerings still won't return Mercedes to the sales level of 1986, when a booming market, a strong dollar and the impending U.S. tax reform pushed Mercedes' U.S. sales to 99,314.

"We are not looking to return to sales levels of the mid-'80s," he said.

Jackson and other Mercedes

see MERCEDES, page 27

World Congress speakers have variety of experience

Some of the top automotive executives from around the world will address the Tuesday afternoon session of next month's Automotive News World Congress.

Tuesday afternoon speakers are:

- Karl-Heinz Faber, who is senior vice president of product compliance, service and parts at Mercedes-Benz of North America Inc.
- Shirley Young, who is vice president of General Motors' consumer market development.
- Walter Huizenga, president of the American International Automobile Dealers Association.
- C. Raymond Rogers, principal of Kepner-Tregoe Inc.

Faber

Young

Huizenga

Rogers

- Graham Morris, Sterling Motor Cars president.
- Guy Briggs, Saturn Corp. vice president of manufacturing.
- Michael Bennett, president of UAW Local 1853 at Saturn Corp.

The 15th Automotive News World Congress, staged in conjunction with the North American International Auto Show, will be held Sunday, Jan. 13, through Wednesday morning, Jan. 16, at the Westin Hotel in Detroit.

Attendees will hear from more than 30 leaders of the automotive industry.

Faber joined Mercedes-Benz of North America's parent company, Daimler-Benz of Stuttgart, Germany, in 1956 as an export service engineer.

see CONGRESS, page 28